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General

Tibetan Human Rights Charges 'Full of Lies'

OW2502162292 Beijing XINHUA in English
1550 GMT 25 Feb 92

[Text] Geneva, February 25 (XINHUA)—A Chinese delegate said at the United Nations Human Rights Conference here today that charges on Tibetans' human rights issue were "full of lies and slanders."

In a speech to the conference, Fan Guoxiang, head of the Chinese delegation, said it was "totally wrong" for the sub-Commission on prevention of discrimination and protection of minorities to adopt a resolution on the "situation in Tibet" last August.

Fan said the human rights issue in Tibet was "a political smokescreen put up by a very small number of Tibetan separatists in collusion with some international force hostile to China."

"The so-called 'China's human rights violations in Tibet' are totally groundless," he declared at the conference.

Fan listed examples to illustrate why he called the charges "simply based on distorted stories or trumped-up 'facts.'"

"The so-called concern over and safeguarding 'human rights in Tibet' are only a cloak used to disguise the attempt to undermine China's sovereignty and territorial integrity," the Chinese representative said.

Fan stressed that the resolution and certain nongovernmental organizations' information were nothing but "an attempt to 'internationalize' the issue of Tibet and back up a handful of separatists who have been doing their utmost to split Tibet from China."

Li Tieying Leads Delegation to Laos, India

HK2602094592 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 24 Feb 92

[Text] At the invitation of the Lao Ministry of Education and Sports, the Indian Ministry of Human Resource Development, and the Sri Lankan Ministry of Higher Education, Li Tieying, state councillor and minister of the State Education Commission, at the head of a Chinese nine-member education delegation, left Kunming by air for the three countries at midday yesterday.

The visit was designed to strengthen cooperation and exchanges between China and the three countries in the educational field. The delegation will hold talks with persons in charge of relevant departments of the three countries on developing cooperation in the educational field.

The delegation is the first high-ranking delegation the Chinese Education Ministry has sent to the three countries in recent years. Observers here believe that the visit is of importance to promoting mutual understanding

and friendship between the education circles of China and its neighboring countries.

When Li Tieying and his party left for Laos, provincial party and government leaders Pu Chaozhu [provincial party committee secretary], Yin Jun, Liang Jinquan, Chen Liying, and Chen Changben, vice minister of culture, saw them off at the airport.

Gates Says CIS Instability Threatens U.S.

OW2602001292 Beijing XINHUA in English
2352 GMT 25 Feb 92

[Text] Washington, February 25 (XINHUA)—Robert Gates, director of the Central Intelligence Agency (CIA), said today that the instability in Russia and other former Soviet Republics is the primary threat to the interests of the United States.

"I think it would be premature to take our sights off a country that still possesses 30,000 nuclear warheads," Gates said at hearing by the House Foreign Affairs Committee on potential threats to the United States.

When asked by Representative Lee H. Hamilton about the ranking of the threats, Gates called the No. 1 threat "the uncertainty about the future course of Russia and the other nuclear-armed republics," followed by the proliferation of weapons of mass destruction.

The CIA director depicted a rather dismal picture on the situation of the former Soviet Union, saying that "the reforms in the successor states are facing rough sledding. Though President Yeltsin still enjoys considerable public support, opposition is mounting to the pace and scope of the economic reform program."

Gates said that for the moment, Russian President Boris Yeltsin and the general staff of Commonwealth of Independent States retain the control of all nuclear weapons in the former Soviet republics, but "the military is being subjected to unprecedented stresses that the control system was not designed to absorb."

"The responsible personnel (in the military) have many of the same economic problems and nationalist aspirations as their civilian counterparts," he said.

He pointed out that dismantling nuclear weapons in the former Soviet Union will be "difficult and costly and will take many years" and warned that "even a diminishing strategic arsenal will still be capable of devastating the United States or other countries."

"As long as there is any possibility that turmoil in the regime could stimulate the emergence of a new, hostile regime, the remaining strategic weapons will constitute a danger to us," Gates said.

U.S. Views Russian Spacecraft as Rescue Vehicle

OW2302064492 Beijing XINHUA in English
0555 GMT 23 Feb 92

[Text] Washington, February 22 (XINHUA)—The U.S. National Aeronautics and Space Administration (NASA) is considering adapting Russia's Soyuz spacecraft as an emergency crew-rescue vehicle for the U.S. Space Station Freedom.

Deputy Assistant Secretary of State John Boright told a Senate Appropriations Subcommittee session on Friday that NASA plans to send a team of experts to Russia in the next few weeks to study the feasibility of such a cooperation project.

Boright said that U.S. Secretary of State James Baker III and Russian President Boris Yeltsin agreed in Moscow last week to move ahead on joint space ventures such as flying a U.S. astronaut on the Soviets' Mir space station and a Russian astronaut on an American space shuttle mission.

Also at the Senate Subcommittee Session, NASA Commissioner Richard Truly said his agency "must do a thorough engineering assessment" before deciding whether to adapt the Soyuz craft as a rescue vehicle for the manned space station Freedom, which is expected to be operational in the year of 2000.

The rescue ship would quickly commute the crew aboard the station back to earth in case of sudden illness, injury, accident or system failure.

Truly said NASA is interested in space technologies developed by the former Soviet Union, which started the space race with the testing of first ballistic missile four decades ago and then put the first man-made satellite into orbit in 1957.

Many of the technologies could fill large U.S. gaps, he said, specifying the Soviets' automated rendezvous and docking system, their advanced rocket engines and their lead in developing small nuclear reactors for use aboard spacecraft.

XINHUA Reports Cheney Visit to Chile

OW2502004992 Beijing XINHUA in English
2345 GMT 24 Feb 92

[Text] Santiago, February 24 (XINHUA)—U.S. Defense Secretary Richard Cheney left Santiago for home Monday morning after a four-day visit to Chile.

While in this country, the Pentagon boss met with Chilean President Patricio Aylwin and held several meetings with his Chilean counterpart, Patricio Rojas, as well as the commanders in chief of the three services.

He also visited a unit of the Chilean Air Force and the southernmost part of the country.

Cheney told a press conference that he was deeply impressed by democratic reconstruction carried out by President Aylwin's administration.

He also said that his presence in Chile was an indication of his country's support to the reform carried out by President Aylwin.

The U.S. defense secretary said his country would soon furnish Chile with an oil tanker and the second Hercules C-130 airplane offered last year.

Cheney said that the two countries will develop broad military cooperation, including joint military exercises, military personnel training and the sales of military equipment.

Chile was the last stop in Cheney's Latin American tour, which also covered Guatemala, Panama, Brazil and Argentina.

SRV Urges Close Relations With U.S.

OW2602115592 Beijing XINHUA in English
1027 GMT 26 Feb 92

[Text] Hanoi, February 26 (XINHUA)—The position taken by Vietnam on Vietnamese-U.S. relations is to forget the past and look forward, Chairman of the Vietnamese Council of Ministers Vo Van Kiet said on Tuesday.

His remarks were made at a meeting with Ms. Mathilde Genovese, chairwoman of the Hong Kong-based Asia-Pacific Council of American Chambers of Commerce (APCAC), who arrived here on February 22 as head of an APCAC delegation to investigate trade and investment possibilities in Vietnam.

Vo Van Kiet said that Vietnam is doing what it can to make opportunities available to its friends, including American economic organizations ready to cooperate with Vietnam.

He expressed the hope that the cooperative relations to be forged between APCAC and Vietnam would go beyond the economic field.

Ms. Mathilde Genovese stressed at the meeting that if both sides cherish sincerity, there would be good opportunities for them to develop trade.

The APCAC group also had talks with representatives from the Vietnamese Foreign Ministry and the State Commission for Cooperation and Investment.

The U.S. delegation is to end the visit on February 29.

UN Delegate Comments on Space Technology

OW2502223592 Beijing XINHUA in English
2037 GMT 25 Feb 92

[Text] United Nations, February 25 (XINHUA)—China said today that space technology has played an important role in the development of its economy and education.

Speaking at a meeting of the scientific and technical subcommittee of the U.N. Committee on the Peaceful Uses of Outer Space, Chinese representative Jin Tongchao noted that when some provinces in China were hit by serious flooding last year, satellite telecommunication and geographic information system techniques, particularly space-borne and air-borne remote sensing technology, played an extremely important role in combating the disaster.

"We acquired and analyzed a great deal of data on forecasting, monitoring, losses estimation and verification, which contributed greatly to flood control and relief decision-making," he said.

Jin pointed out that satellite communication technology plays a special and irreplaceable role in the progress of China's telecommunication and television broadcasting.

He added that in the Eighth Five-Year Plan period from 1991 to 1995, 19 regional telecommunication hub stations will be set up to link trunk telecommunications among these regions.

By the use of very small aperture terminal techniques, he said, a long-distance telephony network will be established in Tibet, most parts of which are inaccessible by terrestrial transmission owing to the topographic and climate difficulties, thus accelerating the region's economic and cultural development.

Referring to the application of space technology to education, Jin said that over the last few years, China, by utilizing satellite communication technology, has rapidly disseminating satellite television broadcast and long-distance education.

To date, eight television and 30 audio programs in various minority and foreign languages are being transmitted via satellite over the country and more than 30,000 satellite TV receiving stations are set up.

Jin said China has designated space technology as a major high-tech area for development.

At present efforts are being made to develop applied satellites in a bid to promote China's economic construction and development of education and culture, he added.

He called for strengthened international cooperation for the joint exploration and peaceful uses of outer space on the basis of equality and mutual benefit.

The meeting, which began yesterday, will focus on the use of space technology for the protection of the earth's environment and pay attention to the development of indigenous capabilities, particularly in the developing countries, in its two-week session.

UN Urges Development as Priority Item

OW2502195892 Beijing XINHUA in English
1729 GMT 25 Feb 92

[Text] Cartagena, Colombia, February 25 (XINHUA)—The eighth session of the U.N. Conference on Trade and Development (UNCTAD VIII) agreed today that development should become the priority item on the international agenda.

In the declaration entitled "The Spirit of Cartagena" adopted here this morning, UNCTAD said its member states recognized the existence of an "unprecedented opportunity" to lay the foundations for policies for cooperation aimed at promoting economic and social progress in all countries of the world.

Conscious also of the increasing interdependence of the community of nations, and bearing in mind that without more equitable economic progress there can be neither peace nor security, the declaration noted that "the state members of unctad agreed that development should become the priority item on the agenda of the international community."

It added that in order to confront this challenge, they decided to establish a new partnership for development based on the decisions they have taken by consensus at this conference.

This partnership commits all member states to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world, the declaration noted.

UNCTAD member states recognized that for the success of this new partnership, it is important to overcome confrontation and to foster a climate of genuine cooperation and solidarity, the declaration said, adding that it is equally important to strengthen national and international policies and multilateral cooperation to adapt to the new realities.

It pointed out that UNCTAD must play a highly significant role in the new partnership for economic development.

"To that end, it was agreed to revitalize unctad by reforming its machinery and working methods and by strengthening its capabilities in addressing the economic and development problems of all countries, particularly developing countries," the declaration noted.

According to "The Spirit of Cartagena," the intergovernmental machinery has been restructured with a view to enabling UNCTAD to address the new realities, and better prepare the organization to take up the new

challenges that have arisen in the search for an equitable and sustainable global development, which will narrow the gap between the rich and the poor while at the same time protecting the environment.

It said, this strengthened unctad stands ready to contribute to the implementation of the action program as appropriate, that may be adopted by the U.N. Conference on Environment and Development in Rio de Janeiro.

The declaration also reaffirmed to give priority to the problems facing the least developed countries. The fight against poverty is also given a predominant place in the new mandate of UNCTAD.

A new spirit has emerged from this conference—the spirit of Cartagena—which should inspire the new economic relations between countries, the declaration noted, adding this new partnership for development is “an historic event which makes it possible to face the future with greater hope.”

The states participating in this conference declared their political will and responsibility to ensure that the commitment agreed upon are translated into reality, it said.

Red Cross Society Reports Growing Membership

*OW2502140992 Beijing XINHUA in English
1235 GMT 25 Feb 92*

[Text] Changchun, February 25 (XINHUA)—The Red Cross Society of China now has 15.1 million members throughout the country, according to information from the society's director meeting which opened yesterday in Changchun, Jilin Province.

The Chinese Red Cross has so far set up more than 110,000 local branches all over the country. It has trained numerous people from every corner of the country. Now, almost every neighborhood in cities, work units and villages in the country has persons who have received basic training on first aid and hygienic methods.

During last year, the society took in 3.6 million new members and set up 10,000 grass-root branches around the country. It also trained over 800,000 automobile drivers last year with courses of first aid and hygienic methods.

Gu Yingqi, vice president of the society, told XINHUA that the Red Cross in China has been growing rapidly during recent years.

Gu said that during the devastating flood hitting many provinces of the country last year, the Chinese Red Cross twice called for help from the International Red Cross and Red Crescent Societies and it received a total of 10 million Swiss francs in relief funds from international organizations and 280 million yuan worth of donations from Taiwan, Macao and Hong Kong. The society organized 18,000 medical teams and sent 87,000 medical

personnel to the flood hit areas with help from international medical organizations.

The society has also played an active role in the improvement of exchanges between the mainland and Taiwan.

United States & Canada

Conditional MFN 'Absolutely Unacceptable'

Would 'Harm' Trade, Relations

*OW2602104692 Beijing XINHUA Domestic Service
in Chinese 0952 GMT 26 Feb 92*

[Text] Beijing, 26 Feb (XINHUA)—A Foreign Ministry spokesman said here today: The U.S. Senate passed a bill on the conditional renewal of China's most-favored-nation trade status [MFN], in violation of the principle of reciprocity in trade between the two countries. It is absolutely unacceptable to China.

This remark was made by him when answering a question put by a reporter. A reporter asked: “The U.S. Senate on 25 February approved a bill on conditionally extending the most-favored-nation trade status to China during fiscal year 1992-1993. What are your comments regarding this question?”

He said: “The MFN between China and the United States was extended to each other on the basis of equality. The U.S. Senate recently approved a bill, demanding that a condition be attached to China's MFN. This is contrary to the principle of reciprocity in trade between the two countries. The Chinese side expresses its regrets over this matter. China will absolutely not accept it. Attaching conditions to MFN can only harm trade relations between China and the United States, and bilateral relations as a whole.”

Further on MFN Approval

*OW2602092492 Beijing XINHUA Domestic Service
in Chinese 0656 GMT 26 Feb 92*

[By reporter Wei Guoqiang (7614 0948 1730)]

[Text] Washington, 25 Feb (XINHUA)—Once again using “human rights” and other issues as the pretext, the U.S. Senate approved a bill on 25 February, demanding that the government conditionally renew China's most-favored-nation trade status [MFN] during fiscal year 1992-1993.

According to U.S. law procedures, the Senate will send the bill, passed by 59-39 votes, to the U.S. President for approval. If the President vetoes the bill, the Senate and the House of Representatives must decide the bill by another vote, and they have to acquire two-thirds majority votes separately to override the President's veto.

U.S. Senate Approves MFN Renewal

OW2602005592 Beijing XINHUA in English
0049 GMT 26 Feb 92

[Text] Washington, February 25 (XINHUA)—The U.S. Senate approved today a bill on the conditional renewal of China's most-favored-nation trade status (MFN) after nearly five hours of debate.

The measure, passed by 59-39 votes, will be presented to President George Bush for approval before it can become a law. The House of Representatives passed the same bill last November.

If the President vetoes the bill, both chambers of the Congress have to acquire more than two thirds of votes separately to override the President's veto. If one of the chambers fails to win the required vote, the veto will sustain and, in this case, no conditions will be attached to China's MFN.

President Bush has stated that he believes that a renewal of China's MFN without any condition is in the interests of the two peoples.

Trade Chairman Views Talks

HK2602040592 Hong Kong WEN WEI PO
in Chinese 26 Feb 92 p 20

["Special Interview" by staff reporter Tan Hui-Ping (6223 1979 5493): "Zheng Hongye, Chairman of China Council for Promotion of International Trade, Optimistic About Sino-U.S. Trade Talks"]

[Text] In an interview with this reporter in Hong Kong yesterday, Zheng Hongye, chairman of the China Council for the Promotion of International Trade [CCPIT], said: In efforts to develop Sino-U.S. bilateral trade, the CCPIT will hold two exhibitions in the United States in April and August, one in New York and the other in Los Angeles.

Regarding the trade friction between China and the United States, Zheng Hongye said: Although China and the United States are still holding talks over the "301" and intellectual property rights issues, it is estimated that they can be satisfactorily resolved because severance of bilateral trade will result in nothing good for either side.

Zheng Hongye also said: If the United States decides to place trade sanctions against China, China will find another outlet and look for other trading partners.

Last year, China and South Korea signed nongovernmental trade agreements, and their nongovernmental trade has been gradually expanding since. Zheng Hongye said: In order to consolidate the confidence of investors and promote bilateral nongovernmental trade, both sides will sign agreements regarding the protection of nongovernmental investment. The official signing ceremony is preliminarily scheduled for next month. Last May, the CCPIT set up a liaison office in South Korea

responsible for handling and promoting matters relating to nongovernmental trade between the two countries.

Moreover, Zheng Hongye said: Since the disintegration of the Soviet Union, the Chinese Ministry of Foreign Economic Relations and Trade has been busy negotiating trade relations with individual members of the Commonwealth of Independent States and is preparing to set up offices there. It has already set up an office in Russia. Furthermore, the CCPIT is looking for ways to get in touch with the industrial and commercial organizations of various countries.

Zheng Hongye has been invited to pay a series of visits to Hong Kong's industrial and commercial institutions this time.

Sino-U.S. Trade Relations Reviewed

HK2602115892 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0742 GMT 26 Feb 92

["Feature" by Shi Chuan (4258 1557): "Twenty Years of Sino-U.S. Trade"]

[Text] Hong Kong, 26 Feb (ZHONGGUO TONGXUN SHE)—This February is the 20th anniversary of the declaration of the Sino-U.S. "Shanghai Communiqué" and also the 12th anniversary of the Sino-U.S. Trade Accord since it officially went into effect. Since 1972, Sino-U.S. trade has undergone noteworthy changes.

According to Ministry of Foreign Economic Relations and Trade statistics, in 1972, China's exports to the United States were \$9.57 million and its imports from the United States \$3.31 million. In 1991, 20 years later, its exports to the United States amounted to \$6.19 billion and its imports from the United States \$8 billion. In a matter of 20 years, Sino-U.S. trade increased over 1,000 times, with a 44.6 percent average annual growth rate; and in the same period, the average annual growth rate of China's gross foreign trade was 17.5 percent. After Hong Kong and Japan, the United States has become China's third largest trading partner. Sino-U.S. trade accounts for 10.5 percent of China's foreign trade. According to U.S. statistics, it also rose from less than 1/1,000 in 1972 to over 2 percent in 1990.

Files shows that in the last 20 years, the commodity structure in Sino-U.S. trade has not had significant changes. China's exports to the United States basically remain labor- and resources-intensive products such as textiles, garments, toys, shoes, petroleum, and petroleum products. American exports to China include resources-intensive products such as raw woods, wheat, and cotton; and capital- and technology-intensive products such as computers, aircraft, oil-drilling facilities, and chemical fertilizers. Many commodities occupy an important position in the two economies.

While Sino-U.S. trade developed rapidly, it has experienced many twists and turns. More than 10 years ago, China's textiles and U.S. restrictions on the export of

hi-tech products were two relatively outstanding issues. China and the United States have signed three textile accords. The kinds of textile products which the United States imposes import quotas on rose from seven in 1979 to such that now almost all of China's textile exports are subject to import restrictions. Despite this, Chinese and American textile trade still grew at an average annual rate of close to 30 percent; China has become the United States' biggest textile supplier. Regarding the U.S. Government easing restrictions on hi-tech product exports to China, all U.S. Presidents since Carter have made efforts, which once put China as a friend to the United States; and management procedures on China's exports were simplified and examination and approval rate were quickened. But, overall, the U.S. Government restrictions are still too severe and cannot meet China's demand.

Over the last three years, Sino-U.S. trade has been beset with problems, for instance the "trade imbalance" problem, intellectual property problem, illegal textile and garment exports to the United States, and others, which even endangered the Sino-U.S. trade foundation—the Most-Favored-Nation [MFN] status. The Chinese side repeatedly stressed that the China's MFN status with the United States is not a U.S. special preference for China. Because Sino-U.S. trade has already reached a certain scale, if the United States revoked China's MFN status, certainly China's exports to the United States would be seriously affected; but U.S. industrial production, commercial markets, and labor and employment would also be adversely affected, and American enterprises in Hong Kong and investment on the mainland would also be victims. For China and the United States, therefore, the MFN status is good for both sides and bad for them if revoked. Therefore, many perceptive Americans have adopted a cautious attitude toward this problem. Most recently, China and the United States have reached an understanding on the problem of intellectual property protection, properly solving a highly charged trade conflict. The successful talks provide a good precedent for the solution of other trade issues. Although on the morning of 26 February, Hong Kong time, the U.S. Senate passed by a majority the bill extending MFN status to China with conditions, as the majority was less than two-thirds in votes, it is estimated that President Bush will veto the bill.

Along with the economic structural reform on the mainland, China's foreign trade structure has also undergone a series of significant reforms. The number of foreign trade firms and production enterprises with export self-decision powers increased from 10 or so before 1978 to some 3,000 at present. In recent years, the Chinese Government has adopted a series of measures, such as lowering tariffs, increasing transparency in foreign trade management, reducing import permits, and tightening the enforcement of regulations concerning the place of origins in production. The distance between China's and international foreign trade management is continually narrowing, which has offered more opportunities for

foreign commodities to enter the mainland market and favorable conditions for the United States to expand its exports to China.

Expert analysis points out that Sino-U.S. trade in the next few years will still be complementary in nature; and the possibility of fierce competition of similar commodities between the two is not great. This will help further expand bilateral trade.

All in all, though there are differences, mutual interests remain the main element in Sino-U.S. trade relations. The prospects are bright and Sino-U.S. trade will further develop and improve.

Seminar Urges 'Promotion' of U.S. Ties

OW2602131792 Beijing XINHUA in English
1259 GMT 26 Feb 92

[Text] Beijing, February 26 (XINHUA)—A gathering of well-known Chinese personages today called for the promotion of Sino-U.S. relations in the spirit of the Shanghai communique, which was issued 20 years ago.

The Chinese People's Institute of Foreign Affairs, the Chinese Academy of Social Sciences and the Chinese People's Association for Friendship with Foreign Countries, jointly sponsored a seminar today to mark the 20th anniversary of the issuing of the Sino-U.S. Shanghai communique, which falls on Friday.

Some 30 public figures, who either participated in drafting the communique, or have been involved in the work or study of Sino-U.S. relations, attended the seminar, where they aired views on the history, status quo and prospect of relations between China and the United States.

The joint communique, issued in Shanghai on February 28, 1972, when former U.S. President Richard Nixon visited China in the company of Dr. Henry Kissinger, was called "a pioneering undertaking" in the history of Sino-U.S. relations. It represents an example of combining principles with flexibility in China's diplomacy, the speakers said.

As the two sides stated their respective views and positions in the communique, listing differences as well as common points, it was unprecedented as a diplomatic document, the participants said.

The issue of the communique not only opened the door to friendly exchanges between the two countries, but also produced a major positive impact on peace and stability in the Asia-Pacific region and on a healthy development of the world situation, the speakers said.

It was of a far-reaching significance for the communique to contain the five principles of peaceful coexistence, something that reflects the foresight of the leaders of the two countries, they said.

Practices have proved that despite the substantial differences in social systems and foreign policies, Sino-U.S. relations can enjoy smooth growth so long as the two sides adhere to those principles; otherwise, setbacks occur, the participants observed.

They pointed to the practical significance of this point, against the backdrop of changes in the world and the difficulties in Sino-U.S. relations at present.

The Shanghai communique, along with the subsequent 1978 joint communique on establishing diplomatic relations and the 1982 "August 17 communique," continue to be guiding documents for Sino-U.S. relations, the speakers said.

The seminar attributed the development of Sino-U.S. relations in the past two decades to "a wide range of common interests." The participants voiced the hope for joint efforts to overcome the current difficulties and to prompt the further improvement and development of Sino-U.S. relations by proceeding from the long-term interests of the two peoples and by following the principles stipulated in the three communiqués.

As the two economies are highly complementary, bilateral cooperation in the economic, trade and technological fields enjoys a vast potential and a good prospect, the participants said, while stressing the importance of sticking to the principle of equality and mutual benefit.

Vice-chairman Rong Yiren of the National People's Congress Standing Committee, and State Councillor and Foreign Minister Qian Qichen, attended the seminar.

The participants also include Xu Xin, deputy chief of general staff of the Chinese People's Liberation Army, who is president of the Beijing Institute of International Strategic Studies; Vice-Foreign minister Liu Huaqiu; Vice-Minister Wu Yi of foreign economic relations and trade; and leading members or scholars from the State Council's foreign affairs and press offices, the China Association for International Friendship, Contacts, the China Council for the Promotion of International Trade and half a dozen research institutions of international studies.

Spokesman: 'Some Progress' With U.S. in Talks

*OW2502132992 Beijing XINHUA in English
1317 GMT 25 Feb 92*

[Text] Beijing, February 25 (XINHUA)—China and the United States have made some progress on certain questions in their market access talks held Monday, according to a spokesman for the Chinese Ministry of Foreign Economic Relations and Trade (MOFERT) here today.

Chinese and American representatives met in the fifth round of talks on market access Monday in Beijing.

Both sides attained a better understanding of each other's position, and breakthroughs were recorded

during the meeting, which was held in an earnest, candid, and pragmatic atmosphere.

According to the spokesman, the Chinese delegation was led by Vice Minister of MOFERT Tong Zhiguang, while the American delegation was led by Assistant U.S. Trade Representative Joseph Massey.

The Chinese delegation pointed out that China is applying for restoring its status as a signatory to the General Agreement on Tariffs and Trade (GATT). The delegation made it clear that upon rejoining GATT China is prepared to honor all commitments assumed by other signatories to the agreement, and expects to enjoy all rights entitled by membership. Therefore, China will continue to reform its managerial structure of foreign trade, especially the imports management system, in order to meet GATT requirements. In addition, China will guide its administration of imports and exports in accordance with regulations concerning multi-national trade.

The Chinese delegation insisted that Sino-U.S. market-access talks be conducted on the basis of GATT requirements for the developing countries and under the principle of equality and mutual benefit. The delegation called for a spirit of understanding and cooperation in order to find ways to reach an agreement in this regard.

Both parties agreed that the next round of talks will be held in the city of Washington, D.C., U.S.A., in early April.

XINHUA Reports U.S. Mideast Weapons Sales

*OW2602001192 Beijing XINHUA in English
2339 GMT 25 Feb 92*

[Text] Washington, February 25 (XINHUA)—The U.S. administration has notified the Congress it plans to sell Saudi Arabia 72 F-15 fighters worth 5 billion dollars, U.S. informed sources disclosed today.

The planes are on a classified list of arms that requires annual notification to the Congress for foreign sales, the sources said, declining to be identified.

The planes are of two types: 48 F-15E fighters designed for ground attacks and 24 F-15H fighters, a modification of the Strike Eagle plane still in production.

The sources said the U.S. administration also told the Congress it may sell Tow long-range anti-tank missiles to Saudi Arabia and six Patriot anti-missile batteries to Kuwait.

It was not known immediately whether Israel, which fears it may be losing its qualitative edge to the Arabs, is due to receive U.S. weapons this year.

U.S. President George Bush called on five big powers last May to restrict their arms sales to the Middle East. Since

then, the United States has sold roughly 6 billion dollars in arms to the region, the U.S. Arms Control Association said in a report last week.

Since August 1990 when Iraq invaded Kuwait, the association said, the United States has sold 19 billion dollars in arms to the Middle East countries, including Saudi Arabia 14.8 billion dollars, Egypt 2.17 billion dollars, the United Arab Emirates 737 million dollars, Israel 468 million dollars and Kuwait 350 million dollars.

The types of the weapons already sold included battle tanks, armored vehicles, heavy artillery, combat aircraft and attack helicopters.

The association said they belong to all five categories of arms identified in the 1990 conventional forces treaty in Europe as used for "launching surprise attack and for initiating large-scale offensive action."

The U.S. State Department responded to the report by saying "any transfers that we engaged in are fully consistent with the President's initiative and the guidelines agreed upon for conventional weapons transfers already by the five countries involved in the initiative."

Last week, arms experts from the United States, Russia, China, France and Britain met in Washington to discuss how to carry out the guidelines for the arms transfers to the Middle East region.

Since 1989, U.S. arms exports to developing countries have increased by 175 percent, the association report said, and in 1990, the United States became the world's largest exporter of weapons to the developing world for the first time since 1961.

Commentary on U.S. Military Scenarios Report

*SK2502044492 Beijing Radio Beijing in Korean
1100 GMT 20 Feb 92*

[Commentary: "New Targets for U.S. Military Forces To Attack in the Post-Cold War Period"]

[Text] On 17 February, the U.S. paper, THE NEW YORK TIMES, made public important contents a U.S. Defense Department document which only was intended for internal use.

This 70-page document reveals U.S. lines of action, due to the possibility that the United States could participate in seven potential overseas regional conflicts during the next 10 years. These are the first detailed military scenarios drawn up by the Pentagon following the cold war between the East and West.

It is possible that these military scenarios are the basis for confirming the long-term military budget, total number of troops, and the scale of U.S. military equipment.

According to this document, possible areas of conflicts in which U.S. military forces may participate are Iraq in the

Persian Gulf, and the DPRK in the Far East; or a war may arise simultaneously with both adversaries. The scenarios also include U.S. military forces fighting with Russia in Europe, taking measures in advance to prevent the emergence of regimes in the Philippines, U.S. interests being threatened by Panama, or a conflict emerging between the United States and a new major power in the world.

The document states that to prepare against these kinds of scenarios, the United States must increase its armed forces to maintain technological superiority in equipment.

As the world's people know, during the past many years, the basis of U.S. strategic military plans was to prepare against the threat of the Soviet Union. The theory was to enact an extensive military budget, carry out studies, and produce up-to-date weapons on a large scale. However, due to the end of the cold war and the dissolution of the Soviet Union, this plan became outdated.

Under a new situation, the United States began a series of arms reduction measures. In January, the Pentagon made the proposal to reduce its military budget by \$50 billion over the next five years. Therefore, in 1995, the number of servicemen on active duty would be reduced from 2.1 million soldiers of the cold war period to about 1.6 million soldiers, and at the same time the number of soldiers serving in Europe would be drastically reduced. Also, [word indistinct] of expensive up-to-date weapons would be minimized or reduced.

Some U.S. military analysts consider that the [word indistinct] war, according to these new scenarios, would mobilize U.S. aircraft carriers; while at the same time the U.S. would continue stationing its enormous carriers throughout the world. They also note that the United States must take measures against nuclear weapons, chemical weapons, and biochemical attacks. They expect that an enormous amount of money would be demanded.

While quoting remarks by a Pentagon official, THE NEW YORK TIMES reports that this document for internal use (?shows) that the United States may face the threat of a new war, that all the people must raise vigilance in this matter, and that its purpose is to prevent larger reductions of armed forces in the future and decreased defense budget expenditures.

Last month, the military budget proposed by the Pentagon for the next fiscal year to Congress was about \$280 billion. This is a reduction of only \$10 billion, compared with this fiscal year. In upcoming discussions at Congress, this budget will be opposed by many congressmen. Therefore, before this matter is discussed by the U.S. Defense Department and Congress, the reason for the U.S. Defense Department announcing this secret document is very clear.

Bush Names First Chief of Strategic Command

OW2602045492 Beijing XINHUA in English
0423 GMT 26 Feb 92

[Text] Washington, February 25 (XINHUA)—President George Bush has nominated Air Force General George L. Butler as the first commander of the newly-created U.S. Strategic Command, the Pentagon announced here today.

The Strategic Command, scheduled to begin operation in June with headquarters at Offutt Air Force Base, Nebraska, will control all U.S. ground-and sea-based strategic missiles and long-range bombers.

The creation of the Strategic Command was ordered by President Bush last September to streamline the control of the U.S. strategic nuclear weapons which have been under the separate jurisdictions of Air Force and Navy.

Butler is currently commander of Strategic Air Command which controls strategic bombers and land-based strategic missiles.

Bush also named Vice Admiral Michael C. Colley, currently Vice Director of the Strategic Target Planning Staff, as Butler's top deputy.

Both nominations will require the Senate's approval.

Radio Cites Gates Comments on Nuclear Sales

OW2602135492 Beijing Central People's Radio
Network in Mandarin 1030 GMT 26 Feb 92

[From the "National Hookup" program]

[Text] Testifying to the House Foreign Relations Committee yesterday, U.S. CIA Director Robert Gates said that as far as he knew, no signs indicated that China sold nuclear technology in violation of the agreements it had signed.

In reporting this news this morning, THE WASHINGTON POST quoted Gates as saying that he agreed with Chinese Ambassador to the United States Zhu Qizhen, who on another occasion on the same day censured charges that China is selling missile technology to the Middle East, as groundless. Gates said that China only sells technology for the peaceful use of nuclear energy to some countries.

XINHUA Reports 'Unusual' January Deficit

OW2402235092 Beijing XINHUA in English
2307 GMT 24 Feb 92

[Text] Washington, February 24 (XINHUA)—The U.S. Government posted an unusual 15.7 billion dollars federal deficit in January, the Department of Treasury reported today.

The red ink last month contrasted with a 1.7 billion dollars surplus in January 1991, when U.S. allies contributed nearly 1.1 billion dollars to offset American

expenses in the Persian Gulf buildup and war against Iraq. Contributions slowed to just 193 million dollars last month.

The January deficit pushed the spending gap for fiscal 1992 to 98.6 billion dollars, compared to 84.5 billion dollars at the same time last year.

The Bush administration projects the deficit for fiscal 1992, which will end Sept. 30, at 399.4 billion dollars, up from a record 268.7 billion dollars in fiscal 1991.

Bush Faults Congress on Economic Legislation

OW2502004892 Beijing XINHUA in English
2120 GMT 24 Feb 92

[Text] Washington, February 24 (XINHUA)—U.S. President George Bush told a businessmen's rally today that Congress "so far deserves an F" as his deadline nears for new economic-recovery legislation.

"This is not all that controversial," the President told business leaders from 38 states at the U.S. Chamber of Commerce National business action rally. "I want to sign these reforms on March 20th."

Bush outlined his economic-growth package in his State of the Union speech on Jan. 28 and set the March deadline. He said action by then would set the country on the road to economic health.

"Today is the 27th day, the halfway mark on my 52-day deadline," he said. "The stark and sorry fact is that Congress so far deserves an F. They deserve a failing grade."

The rally was called to present an agenda to Bush and to deliver it to Congress. The chamber said the national business agenda is based on six regional forums held last fall.

Central Eurasia

Li Peng Holds Talks With Kazakhstan Premier

Discusses Reform, Trade

OW2502155392 Beijing XINHUA in English
1459 GMT 25 Feb 92

[Text] Beijing, February 25 (XINHUA)—Chinese Premier Li Peng said here today that the relations between China and Kazakhstan have embarked on a path of normal development.

He made the remark during talks with his Kazakhstan counterpart, Sergey Tereshchenko, at the Great Hall of the People here today.

According to sources from the Chinese Ministry of Foreign Affairs, Li said Chinese and Kazakhstan people enjoy traditional friendship, adding that not long after

Kazakhstan won its independence, the two countries established diplomatic relations.

He expressed the hope that visits by Kazakhstan President N. Nazarbayev last year and by Tereshchenko at present would further enhance neighborly relations in various fields between the two countries.

He said China and Kazakhstan share a common border line of more than 1,700 kilometers, adding that conditions and prospects are bright for development of bilateral relations in economy and trade as well as in personnel exchanges.

During the talks, Tereshchenko handed to Li a letter from President Nazarbayev formally inviting him to visit Kazakhstan. Li accepted the invitation with pleasure.

The Chinese premier briefed Tereshchenko on China's economic construction and drive to reform and open up.

He stressed that China is building socialism with Chinese characteristics by adhering to the basic line of making economic development the central task while adhering to the four cardinal principles and persisting in reform and the open policy, which was initiated by Deng Xiaoping.

Li said: "What we have achieved should be fundamentally attributed to our following this basic line." He stressed that "Economic construction will always be the focus of our work in every pursuit".

He noted that the practices of reform and opening to the outside world have promoted China's economic construction and other work. Adhering to the four cardinal principles has ensured the smooth development of the country's economic construction, and of reform and opening to the outside world, he said.

Tereshchenko also briefed Li on his country's political and economic situation. Referring to its foreign relations, he said Kazakhstan is applying to join the United Nations and that he hoped China will give its support in this regard. Li Peng said China, as a friendly neighbor of Kazakhstan, will do so.

Tereshchenko described bilateral economic relations and trade as very important, noting that the two countries have signed an agreement on economy and trade and Kazakhstan has direct economic relations and trade with Xinjiang.

He said there are great potentials for bilateral cooperation. His current visit to China aims to establish relations with China in both political and economic fields, he added.

Qi Huaiyuan, director of the Foreign Affairs Office of the State Council, and other Chinese and Kazakhstan officials attended the talks, which proceeded in a cordial and friendly atmosphere.

Yang Shangkun Meets Tereshchenko

OW2602091392 Beijing XINHUA in English
0844 GMT 26 Feb 92

[Text] Beijing, February 26 (XINHUA)—Chinese President Yang Shangkun met with Kazakhstan Premier Sergey Tereshchenko at the Great Hall of the People here today.

According to sources from the Chinese Ministry of Foreign Affairs, Yang was delighted to have the chance to meet Tereshchenko. Yang said the Chinese and Kazakhstan premiers had fruitful talks yesterday. "We attach great importance to your ongoing visit to China," he added.

China and Kazakhstan are friendly neighbors, Yang said. The two countries share a long common border line and the contacts between the two peoples date back to before Christ.

He added that the two peoples have forged a profound friendship while living in harmony.

Yang said that with a very good foundation, bilateral economic and trade relations enjoy favorable development.

Kazakhstan is rich in resources, he said, the two countries can help supply each other's needs and learn from the other's strong points to offset one's weakness.

He noted the broad prospects for development of bilateral relations in economy and trade.

China is now enjoying a quite favorable political and economic situation and its economy has also achieved a great development, Yang said. He stressed that all these achievements are mainly attributed to the policies of reform and opening to the outside world.

He said Tereshchenko and his party are scheduled to visit Dalian and they will be able to see with their own eyes the achievements of reform and opening to the outside world there.

Tereshchenko and his party will also visit Xinjiang before leaving for home. Yang said that China continues to support Kazakhstan to develop direct economic and trade cooperation with Xinjiang and other Chinese provinces, regions and cities.

Yang said China and Kazakhstan are close neighbors, the two peoples have a long history of contacts, and both are also mutually complementary in economy. Therefore, he added, the two countries share the favorable advantages of the timeliness, favorable geographical position and support of the people.

Tereshchenko conveyed President N. Nazarbayev's best regards to President Yang.

He also thanked China for its recognition of the independence of Kazakhstan and establishment of diplomatic relations with his country.

Tereshchenko stressed, "this is the policy of Kazakhstan to maintain friendly relations with the great People's Republic of China."

China has carried out fruitful reform and made great achievements in all fields, Tereshchenko said. He added that all these are worth our studying.

The two countries have been friendly neighbors ever since ancient times and have broad fields of cooperation, he said, adding that both should draw on each other's experience.

During the meeting, Tereshchenko conveyed Kazakhstan President Nazarbayev's regards to President Yang and invitation for Yang to visit Kazakhstan at his convenience.

Yang expressed his thanks for this, and asked Tereshchenko to convey his cordial regards and best wishes to President Nazarbayev.

Guo Chaoren Meets Press Minister

*OW2602123492 Beijing XINHUA in English
1059 GMT 26 Feb 92*

[Text] Beijing, February 26 (XINHUA)—Guo Chaoren, vice-president of the XINHUA news agency, met here today with Kuanysh Sultanov, Kazakhstan minister of press and mass information.

They exchanged views on the development of cooperation between XINHUA and the Kazakhstan news agency.

Economic Accords Signed

*HK2602123492 Hong Kong AFP in English
1146 GMT 26 Feb 92*

[Text] Beijing, Feb 26 (AFP)—Kazakhstan and China signed Wednesday a number of economic accords dealing notably with investments and transport, Kazakhstan Prime Minister Sergey Tereshchenko said here.

He said at a press conference that an agreement had been signed to allow Chinese entrepreneurs to set up in his Central Asian republic, mainly to sell light industrial goods.

The arrangement will be "mutually profitable," he told reporters.

"They will sell their products for rubles and hard currencies. Also, they will have a possibility to invest their profits in the industries of our republic."

Other accords deal with transportation and movement across the two countries' approximately 1,700 kilometre (1,054 mile) border, Tereshchenko said, adding that he

welcomed the recent opening of a railway line from the northwestern Chinese autonomous region of Xinjiang into Kazakhstan.

The line "will have a great influence on the Kazakhstan economy," he said. "We hope that some Asian countries, like for example China, will have a direct line to the Middle East and European countries."

Kazakhstan and China established diplomatic relations early last month and are keen to develop further their trade ties, which have expanded rapidly in recent months.

The two countries signed an economic and trade cooperation agreement in December.

As for non-economic issues, Tereshchenko noted that "China and Kazakhstan are very big countries (and) that is why they should coexist peacefully," and said Kazakhstan would open an embassy here in "the near future."

But he said nuclear weapons had not been discussed during his meeting with Chinese Premier Li Peng on Tuesday.

China expressed concern over control of the nuclear arsenal of the former Soviet Union after its breakup last year, and Kazakhstan is one of the four ex-Soviet republics to possess nuclear arms.

Tereshchenko—who also held talks with Chinese President Yang Shangkun and Communist Party General Secretary Jiang Zemin on Wednesday, the third day of his official visit here—said talks on delineating the Kazakhstan-China border were continuing.

A communique would be issued Thursday on the talks' progress, he said.

He said Chinese officials had not expressed to him any fear that the breakup of the Soviet Union and the freeing of its four overwhelmingly Moslem Central Asian republics would lead to a surge in separatist sentiment in Xinjiang, which has a Moslem majority.

"We don't have any special measures to persuade the Kazakhs to return to Kazakshtan," he added.

Tereshchenko is to travel Thursday to Urumqi, the Xinjiang capital, for discussions with the regional administration and to visit local businesses.

CIS Chief of General Staff Arrives in Beijing

Meets With General Chi Haotian

*HK2602111092 Beijing ZHONGGUO XINWEN SHE
in Chinese 0812 GMT 26 Feb 92*

[By correspondent Li Wei (2621 0251)]

[Text] Beijing, 26 Feb (ZHONGGUO XINWEN SHE)—General Samsonov, chief of the General Staff of the CIS joint armed forces, and his entourage arrived in Beijing

this morning to begin a six-day visit to China. His is the first important delegation to China from the CIS joint armed forces since the disintegration of the Soviet Union.

Samsonov made the trip at the invitation of General Chi Haotian, People's Liberation Army chief of General Staff. Chi Haotian visited the former Soviet Union last August. Samsonov's China visit is viewed as reciprocating that by Chi Haotian.

This afternoon the two chiefs of General Staff held talks and exchanged views on problems of common concern and developing friendly relations between the two armies.

In the next few days Samsonov will be meeting other high-ranking leaders of the Chinese Army, and will tour Chinese military institutes and academies and troops and visit Shanghai, Guangzhou, Shenzhen and other cities.

Major General Fu Jieping, director of the Foreign Affairs Bureau of the Ministry of National Defense, went to the airport to welcome the guests.

To Discuss Border Troop Reductions

*HK2602100592 Hong Kong AFP in English
0928 GMT 26 Feb 92*

[Text] Beijing, Feb 26 (AFP)—A top military leader of the Commonwealth of Independent States (CIS) arrived here Wednesday to resume high-level talks with China on demilitarizing their common border, officials said.

The talks were derailed last year by the collapse of the Soviet Union.

General Viktor Samsonov, chief of staff of the CIS joint armed forces, said on arrival that he aimed to develop military cooperation between China and the former Soviet republics, the Russian Embassy said.

Samsonov said he would discuss with Chinese officials joint steps to further demilitarize the border area. China and the Soviet Union clashed over disputed areas of the 7,000 kilometer (4,340 mile) long border in the 1960s.

Beijing said in October that border troop reduction talks were postponed because of the chaos in the Soviet Union. Scheduled bilateral talks involving military experts and diplomats resumed in November in Moscow.

Separately, the Chinese parliament ratified Tuesday a treaty signed with the former Soviet Union fixing the eastern part of the border. The Russian parliament ratified the treaty on February 13.

The CIS military leader was scheduled to meet Defense Minister Qin Jiwei and Jiang Zemin, head of the Chinese Communist Party's Central Military Commission, which makes policy on military affairs.

He was also to address the People's Liberation Army's Military Sciences Academy and visit a number of military units.

Samsonov is scheduled to leave for North Korea on March 2.

CIS Sets Up Committee To Handle Soviet Debt

*OW2602030392 Beijing XINHUA in English
0221 GMT 26 Feb 92*

[Text] Moscow, February 25 (XINHUA)—Commonwealth of Independent States delegates decided today to set up a permanent committee to look after the former Soviet Union's foreign debts and assets.

The decision was announced at the end of a consultative conference attended by all CIS members except Russia, which failed to show up.

Delegates said the former Soviet Union's Bank of Foreign Trade should be taken away from Russia and placed under transnational control.

The bank should have the status of a transnational institution and the authority to supervise Soviet foreign debts and assets, they said.

XINHUA Notes Russian Nuclear Waste

*OW2602015392 Beijing XINHUA in English
0107 GMT 26 Feb 92*

[Text] London, February 25 (XINHUA)—Thousands of tons of nuclear waste have been secretly dumped in the Russian arctic sea in the past 20 years and more, according to Britain's INDEPENDENT TELEVISION NEWS (ITN).

A spokesman for the environmental organization Greenpeace said the material could be leaking and threatened the European continent as a "time bomb."

ITN's Channel Four News said documents revealing the extent of the dumping of spent reactor fuel and weapon-grade plutonium from Soviet nuclear submarines were found by Russian nuclear expert Andrey Zolotkov.

Zolotkov said the KGB had allowed him to see the documents showing 17,000 containers of nuclear waste had been dumped over 22 years in the Kara Sea in the Russian arctic, most to the east of the island of Novaya Zemlya.

Zolotkov told ITN's Channel Four News from Murmansk: "All the documents I read are kept on one of the ships. According to the documents 17,000 containers were dumped."

"The metal cover protecting the fuel...will deteriorate in the marine environment. The water will reach the fuel...it is quite a dangerous situation," Zolotkov added.

About 600,000 people living in the nearest port town, Murmansk, were growing increasingly worried over the nuclear waste dumping, he said.

The Greenpeace spokesman said it was a "classic case of a ticking time bomb" that posed a serious threat to the whole of Europe.

Without action, radioactivity could enter the food chain and "for all we know it has already occurred," he said.

Northeast Asia

Contract Signed To Purchase Japanese Generators

OW2502121892 Beijing XINHUA in English
1029 GMT 25 Feb 92

[Text] Beijing, February 25 (XINHUA)—China today signed an agreement to buy two turbogenerators from Japan with a World Bank loan.

The equipment, which involved a total of 180 million U.S. dollars of World Bank loans, will be used in the construction of the Yanshi Electric Power Plant, in the inland province Henan, according to the China National Technology Import and Export Corporation which opened the bid.

The Japanese C. Itoh Corporation will be the producer.

A Chinese company also won the bid to build the boilers for the construction, by using World Bank loans and local funds.

The Yanshi Electric Power Plant will have a total generating capacity of one million KW [kilowatts] by 1996, which can largely overcome the electric shortage in China's central region.

Japanese Artists Perform at China Art Festival

OW2102232492 Beijing XINHUA in English
1504 GMT 21 Feb 92

[Text] Kunming, February 21 (XINHUA)—Members of the Japan-China Music Research Association performed today at the Third China Art Festival.

Nagase Kenji, head of the delegation, said that the association, which was established in 1985, is the only organization of its kind engaged in researching and performing Chinese music.

The association has more than 500 members from all walks of life, including musicians, teachers, journalists and housewives.

According to Nagase Kenji, some 50 members of the organization are actually performers. He pointed out that this is indicative of the Japanese peoples love for Chinese music.

He expressed hope that today's performance will help promote the friendship between the Japanese and Chinese people.

Musical director Zhang Xiao-hui, who is also deputy head of the delegation, said the delegation was very deliberate in preparing for the performance which included both Chinese music, and classical and folk Japanese music. Today's performance include a dozen pieces of Chinese music and three pieces of Japanese music.

Zhang said that the program was designed to allow the Chinese audience to learn about the differences in the music of the two countries, as well as to show the impact music from China's Tang Dynasty (618-907) had on Japanese music.

DPRK To Pass Nuclear Supervision Accord in Apr

OW2602020392 Beijing XINHUA in English
0146 GMT 26 Feb 92

[Text] Vienna, February 25 (XINHUA)—The Democratic People's Republic of Korea (DPRK) will approve the nuclear supervision agreement in April.

O Chang-nim, head of the DPRK delegation to the board meeting of the International Atomic Energy Agency, said at a press conference here today that he could "guarantee that our parliament will pass the agreement" then.

The agreement, signed here between the DPRK and the agency last month, stipulates that the agency will send a supervision team to the republic and that the DPRK must provide the agency with a list of its nuclear facilities immediately after the agreement is passed.

An agency spokesman said the supervision team would start work in June if nothing unexpected happened.

O Chang-nim denied charges that the DPRK is developing nuclear weapons. He said nuclear research in the republic was solely for peaceful purposes.

Southeast Asia & Pacific

Song Jian Leads Delegation to Malaysia, Singapore

To Discuss S&T Ties

OW2402054692 Beijing XINHUA in English
0315 GMT 24 Feb 92

[Text] Beijing, February 24 (XINHUA)—A Chinese science and technology delegation left here this morning on a friendly visit to Malaysia and Singapore.

The delegation, headed by State Councillor and minister in charge of the State Science and Technology Commission, is expected to sign with Singapore an agreement on scientific and technological cooperation between the two governments.

It will also discuss further scientific and technological cooperation with Malaysia and Singapore during the visit.

Meets Malaysian Counterpart

OW2402194592 Beijing XINHUA in English
1638 GMT 24 Feb 92

[Text] Kuala Lumpur, February 24 (XINHUA)—Malaysia and China can work together in many areas of science and technology for the benefits of both countries, said Law Hieng Ding, Malaysian minister of science, technology and the environment.

He said the bilateral cooperation may include nuclear energy, meteorology, standards, remote sensing, chemistry and microelectronics.

He made the remarks here tonight at the welcoming dinner he hosted for Song Jian, state councillor and minister in charge of the State Science and Technology Commission of China.

Song, a leading space specialist in China, and his 9-member delegation arrived here this evening for a five-day visit to enhance science and technology exchanges between the two countries.

Law expressed confidence that Song's visit, first by such a high ranking Chinese official in charge of science and technology to Malaysia, will foster a closer relationship between Malaysia and China.

Song in his speech shared Law's views, noting that science and technology cooperation and economic interaction between the two countries will have broader prospects.

During the trip, the Chinese minister said, the two sides will hold discussions and exchange views on the signing of a governmental science and technology agreement.

No 'Obstacles' to Exchanges Seen

OW2502123192 Beijing XINHUA in English
1147 GMT 25 Feb 92

[Text] Kuala Lumpur, February 25 (XINHUA)—Malaysian Deputy Prime Minister Abdul Ghafar bin Baba stressed that there are no more obstacles to the bilateral exchange between China and Malaysia.

"There are more Chinese delegations coming this way, this is a show of growing relationship between our two countries," Ghafar bin Baba said, emphasizing "there are no more obstacles to the bilateral exchange."

He made the remarks here today when meeting with Song Jian, state councillor and chairman of the State Science and Technology Commission of China, who is leading a Chinese science and technology delegation touring Malaysia.

Their talks were cordial and friendly.

The deputy prime minister said he had visited China several times and had found that rapid developments had taken place there. "Our two countries should help each other and enhance cooperation of mutual benefits," he said.

Chinese Ambassador to Malaysia Jin Guihua was also present at the meeting and the talks.

Article Sees Growing Singapore, Malaysia Trade

HK2502035292 Beijing GUOJI SHANGBAO
in Chinese 9 Feb 92 p 3

[Article by Xie Ruixia (6200 3843 7209): "Fruitful Results of Singapore, Malaysia Economic Trade Cooperation With China"]

[Excerpts] [Passage omitted] China and Singapore have always remained on good terms. The two countries had a good foundation for their economic and trade cooperation before diplomatic relations were established. In the past year since diplomatic relations were established, the two countries have achieved greater results in their economic and trade cooperation, which is developing to new heights and is expanding to a broader scope. According to Chinese customs statistics, in 1989, the volume of trade between China and Singapore reached \$3.191 billion, which marked an all-time high and was eight times the 1979 figure. The trade volume in 1990 decreased slightly but still reached \$2.82 billion. In 1991, the trade volume reached \$3.077 billion.

China's exports to Singapore include light industrial goods, textile products, food, and locally-produced goods. In addition, the export of crude oil, metal and mineral products, mechanical and electric apparatus and instruments, and fodder has also increased by a wide margin. China imports mechanical and electrical apparatus and instruments as well as petrochemical products from Singapore, and these products account for a greater and greater proportion of China's imports from Singapore. Sino-Singaporean trade holds an important position in both countries' foreign trade. Since 1989, Singapore has become China's sixth largest trading partner, and China has become Singapore's eighth largest trading partner. Singapore began to invest in China in 1983, and it is one of the countries that first began to invest in China. Singapore's investment projects in China now number more than 500 and rank eighth among countries and regions that invest in China. [passage omitted]

The exchange of visits between government leaders and leading businessmen from China and Malaysia has promoted the rapid growth in bilateral trade. Between 1987 and 1991, the volume of bilateral trade between China and Malaysia continued to grow at a double-digit rate. The trade volume in 1991 reached \$1.332 billion—an all-time high and an increase of 13.3 percent over the previous year. China's export volume to Malaysia was \$528 million, an increase of 54.9 percent; China's import volume from Malaysia was \$804 million. China's trade deficit was \$276 million. Sino-Malaysian trade has a

pronounced characteristic of being mutually complementary, and the two sides have many commodities that they can exchange. So, the variety and quantity of goods that are exchanged continued to increase. In addition to such traditional commodities as rubber, timber, and palm oil, China has also increased its Malaysian imports of crude oil, veneer board, chemicals, machines, electrical supplies, and plastics. In recent years, Sino-Malaysian economic cooperation has grown on a considerable scale. The total value of China's joint ventures and labor contracts in Malaysia has reached \$43.67 million. [passage omitted]

Singapore Official on Regional Economy, China

OW2102125792 Beijing XINHUA in English
1133 GMT 21 Feb 92

[Text] Singapore, February 21 (XINHUA)—Deputy Prime Minister Lee Hsieng Loong said here today that nobody can fail to realize what a major player south China will become in the regional economy within the next decade.

Lee Hsieng Loong, also minister for trade and industry of Singapore, delivered a speech at the Foreign Correspondents' Association lunch today on ASEAN (Association of Southeast Asian Nations) economic policies beyond the fourth ASEAN summit.

He said that the explosive development of south China under Deng Xiaoping's economic reforms has left an even deeper impression on ASEAN.

Nobody who has visited Shenzhen and seen the prosperity of the Pearl River Delta "can fail to realize what a major player south China will become in the regional economy within the next decade," Lee said.

He said that Shenzhen shows both what they can achieve and what they are up against. The experience of China has shown a challenge to ASEAN, he added.

The outward-looking, market-oriented policies pursued by Indonesia, Malaysia and Thailand in recent years have also shown dramatic results, Lee said.

As the economies have been liberalized, and tariffs and red tape reduced, foreign investments have flowed in, he said.

Economic cooperation and trade within the ASEAN countries have grown up over the past two years under the ASEAN preferential tariffs arrangement. Singapore's trade with Malaysia and Thailand has expanded much faster than its trade with the rest of the world.

The six members of ASEAN agreed at the fourth ASEAN summit held here last January to set up the Asean Free Trade Area (AFTA) within 15 years as a measure against the forming of a single European market and a North American free trade area.

Lee said the direct effect of AFTA is to encourage division of labor to produce for the domestic ASEAN market and the indirect wider objective is to foster division of labor for export to encourage companies to site multiple plants in several ASEAN countries to produce for world markets.

Economic cooperation depends on the regional security environment, he said. "The U.S. presence in the region has enabled ASEAN countries to concentrate on economic development, and develop mutual confidence and trust," he added.

Singapore Air Show Features K-8 Jet Trainer

'Over 1,100' Companies Attend

OW2502142892 Beijing XINHUA in English
1240 GMT 25 Feb 92

[Text] Singapore, February 25 (XINHUA)—The Asian Aerospace '92 exhibition was opened here today by Singapore Deputy Prime Minister Lee Hsieng Loong.

Over 1,100 aerospace industrial companies from 40 countries and regions, including a delegation and 8 companies from China, have made the exhibition the third top air show in the world after the Farnborough Air Show of Britain and Le Bourget Air Show of France.

Lee said that the Asia-Pacific has become a large growth market for aerospace industry and defense equipment.

Despite the apparent reduction of tension in places like the Korean Peninsula and Indochina, the Asia-Pacific is also the only region outside the Middle East where defense spending continues to grow.

The show boasts two firsts, the Chinese new K-8 jet trainer and a Russian Aerobatics aircraft Sukhoi 29, an upgrade of the Sukhoi 26.

K-8, a two-seat jet trainer, is also used as a light ground attack aircraft.

Some Gulf war "veterans," including the feared "tank-killer," the Apache assault helicopter, the ALARM [Air Launched Anti-Radar Missiles] and the SEA-SKUA missiles, the first Airbus A340-300 are displayed in the exhibition.

Today's opening ceremony was followed by an hour-long aerial display. About 20 aircraft, including the Chinese K-8 jet trainer, F-16, F-18, Hawk 100 and CN235, which is a joint product of the efforts of Indonesia and Spain, flew over the blue sky of the exhibition.

The air show, organized by the Singapore Defense Ministry, opens from February 25 to March 1 in conjunction with the first Asia-Pacific Defense Conference.

K-8 Termed 'Top Jet Trainer'*OW2502143192 Beijing XINHUA in English
1334 GMT 25 Feb 92*

[Text] Singapore, February 25 (XINHUA)—A newly-designed K-8 jet trainer is described as "the top jet trainer" at the six-day Asia Aerospace '92 exhibition, which opened here today with participants of over 1,100 companies from 40 countries and regions.

Liu Guomin, president of the China National Aero Technology Import and Export Corporation (CATIC) told XINHUA that the jet, which made its first public appearance abroad, was jointly manufactured by CATIC and the Pakistan Aeronautic Complex (PAC). The crews from the two countries take turns in the daily flight demonstrations.

The trainer's successfully performed a flying show in today's aerial display segment.

The trainer is very close to an advanced trainer, even a modern fighter in many respects.

West Europe**Li Peng Sees 'New Stage' in Sino-Italian Ties***OW2502134992 Beijing XINHUA in English
1251 GMT 25 Feb 92*

[Text] Beijing, February 25 (XINHUA)—Chinese Premier Li Peng said here today that Sino-Italian relations have entered a new stage of all-round development.

Li made the remark in his meeting with Franco Nobili, chairman of the IRI [Institute for the Reconstruction of Industry] Group of Italy, at the Great Hall of the People here today. The IRI group is among the biggest state-run industrial groups in Italy. In late January this year Li was warmly received by Nobili and his colleagues during his tour of Italy.

With the deepening and quickening of reform, the widening of opening to the outside world, and the development of the economy, relations of economic cooperation between China and Italy, and other west European countries, would surely reach new levels, said Li.

Speaking about China's economic development in the 1990s, Li said that the iron and steel industry will be one of the major areas of development. He said China is shooting for an annual output of over 80 million tons of steel of improved varieties and quality. At the same time, power generation and other basic industries would be developed as well, Li said.

Li said that he was pleased to meet friends from the IRI Group once again. He said he appreciates the co-operation between IRI and the Chinese side in various fields over the years.

Li expressed hope that the IRI Group would make extensive contacts with Chinese economic departments to explore channels for expanding co-operation.

Nobili said that the exchange of visits by the prime ministers of the two countries has laid a solid foundation for the development of bilateral relations. He said the current visit of his delegation shows the willingness of the Italian industrial circles to strengthen co-operation with China.

Nobili noted that the IRI Group is willing to widen co-operation with China in economy, technology, management, trade and other fields and contribute to China's economic construction.

Qi Yuanjing, Chinese minister of metallurgical industry, was present at the meeting.

Nobili and his party arrived here February 22 at the invitation of the Ministry of Metallurgical Industry. They are also scheduled to visit Tianjin and Shanghai.

Zhu Rongji Meets Italian Entrepreneurs*OW2502134692 Beijing XINHUA in English
1201 GMT 25 Feb 92*

[Text] Beijing, February 25 (XINHUA)—Chinese Vice-Premier Zhu Rongji today told a group of visiting Italian entrepreneurs that China will quicken its steps in reform and opening to the outside world.

The visitors, led by Franco Nobili, chairman of the IRI Group which is a leading state-owned firm, arrived here on Saturday.

Zhu, who met with Nobili last April when he visited Italy, also briefed the visitors on China's industry, agriculture and foreign trade.

Nobili told Zhu that the IRI Group is willing to expand cooperation with China and provide more loans and technical training.

Shaanxi Trade Delegation Ends Paris Visit*OW2502142992 Beijing XINHUA Domestic Service
in Chinese 0132 GMT 24 Feb 92*

[By reporter Xu Zhenqiang (1776 2182 1730)]

[Text] Paris, 23 Feb (XINHUA)—A Shaanxi economic and trade delegation, led by Shaanxi Province Vice Governor Zheng Silin, wound up its visit to France and departed Paris on 23 February.

During its stay in France, the Shaanxi Province economic and trade delegation contacted personnel from industrial and commercial sectors of Paris, attended a report meeting of the France-China Commission, and met Paris City Vice Mayor Gassgan [name as received].

At the report meeting held by the France-China Commission, the Shaanxi Province economic and trade delegation briefed commission members attending the meeting on the investment environment and policy of Shaanxi Province. It also briefed them on foreign-invested cooperative projects in the province and the province's success in opening to the outside world in the past few years.

The Shaanxi Province economic and trade delegation arrived in Paris on 17 February for a visit.

Article Views Britain's Economic Recession

HK2502035092 Beijing RENMIN RIBAO
in Chinese 13 Feb 92 p 7

["News Analysis" from London by staff reporter Chen Tean (7115 3676 1344): "When Will Britain's Economic Recession End?"]

[Text] Before British Chancellor of the Exchequer Norman Lamont announces the budget for the new fiscal year on 10 March, the British Industrial Federation, an association of British entrepreneurs issued the latest "Industrial Trends Inquiry" on 28 January, maintaining that the depth and breadth of Britain's economic recession had exceeded that originally estimated and that it would be difficult for even slow economic recovery to come in the next months. In an editorial in response to the "Inquiry," the FINANCIAL TIMES pointed out that "in the second half of 1991, the economy did not recover, and employment, investment, and production were still on the decrease." The "economic recovery," which was called for for over six months, has turned out to be an "unfulfilled hope." Various signs show that Britain's economy is still tossing about in a low recessionary position.

After being fully tortured by the third postwar world economic recession from 1979 to 1981, Britain's economy has plunged into the fourth postwar economic recession since the third quarter of 1990. It is over one year now since the recession set in. In the wake of the decrease of the gross domestic product [GDP] in the four previous consecutive quarters, the GDP in the third quarter last year rose by 0.2 percent. But if the factor of the increased output from the North Sea Oilfield is excluded, the GDP is still lower than that in 1990. According to statistics, the GDP for the whole of last year decreased by approximately 2.2 percent. At present, there is no sign yet that the overall economy is operating well.

First, the manufacturing industry, which is vital to Britain's economy, makes no headway. Orders are decreasing, and so is production. The inquiry conducted in 1,383 companies by the British Industrial Federation shows that 45 percent of them maintain that orders they have received are lower than the normal level and that 23 percent of them maintain that their production will continue to decrease in the coming four months. The British Industrial Federation's "Inquiry" predicts that

production by the manufacturing industry in the first quarter of this year will decrease by 13.2 percent from that in the corresponding period 1990.

Second, the construction industry, which is a pillar of the British economy, remains stagnant, and the landed property market is seriously shrinking. The fact that enterprises are closing down and the unemployment rate is drastically increasing, as well as the high interest rate, has led to the shrinking of the enterprise-used and office property market. Being unable to repay loans, tens of thousands of families that purchased their apartments or houses on mortgage have had their apartments or houses taken over by housing societies. According to the statistics of the Construction Industry Group of the British Commission on National Economic Development, the construction industry's production last year decreased by 9.5 percent from the previous year and will continue to decrease this year.

Third, the retail trade is sluggish. In the first 11 months last year, the sales volume of British automobiles decreased by 21.2 percent from the corresponding period in the previous year. Britain's general merchandise retail trade during last Christmas and New Year had a low sales volume, which had been rare for many years. Even the traditional post-Christmas sale could not stimulate the rebound of the retail volume.

Fourth, enterprises are closing down and the unemployment rate is increasing drastically. According to a FINANCIAL TIMES report, in 1991, a total of 47,777 enterprises closed down in Britain, up 65 percent from the 28,935 in 1990. At present, an average of 1,000 enterprises close down every week, followed by large numbers of unemployed people. According to statistics, last December, the number of unemployed people reached 2.55 million, 9 percent of the total work force.

What is the reason for the setbacks in the current British economy? First, personal consumption demand is weak, and therefore it is difficult to bring about consumption-oriented economic recovery. With the impact of the "wind of unemployment," which has swept across England, unemployment restricts consumption. Moreover, since many people are in debt, they do not spend money so readily. Second, the comparatively high interest has fettered recovery. Since Britain's basic interest still remains at 10.5 percent, a rather high level, many companies are heavily in debt. The fact that enterprises do not have enough confidence makes it difficult to enlarge investment. According to statistics, Britain's fixed assets investment last year decreased by 10.9 percent during the period from the third quarter of 1990 to the third quarter of 1991, and is still on the decrease. Furthermore, promoting recovery by increasing exports is not very effective. Britain's major export markets are Europe and the United States. At present, continental European states represented by Germany are increasing interest rates to keep their economies under control, while at the same time there is still no sign of recovery for the U.S. economy. Moreover,

trade friction has become acute. Under these circumstances, it is obviously difficult to expand British exports, and economic recovery is naturally affected. In addition, the government financial deficit is increasing. The deficit for the 1991-92 fiscal year reached over 10.5 billion pounds, exceeding the budgeted 8 billion pounds. The deficit for the 1992-93 fiscal is expected to increase considerably. This leaves very little room for the government to use financial levers to stimulate economic growth.

In the New Year's Day Speech, Prime Minister John Major said: "1991 was a "difficult year" for many enterprises and families. However the preliminary signs of economic recovery have shown up. The economy will grow again in the new year." Nonetheless, analysts here generally maintain that Britain's economic recession will probably persist well toward the end of the first half of the year. It is very unlikely for the economy to have any obvious improvement before the general election, that is, the end of June.

Political & Social

Zhao Aide Bao Tong Reportedly To Face Charges

HK2602013192 Hong Kong SOUTH CHINA
MORNING POST in English 26 Feb 92 p 8

[By Kent Chen]

[Text] A senior aide to ousted party boss Mr Zhao Ziyang is expected to be brought to trial soon, according to sources close to his family.

Bao Tong, Mr Zhao's private secretary is expected to be tried before the upcoming plenum of the National People's Congress which is due to begin late next month.

The trial will not be opened to the public.

Although the exact charges are not known, he may be charged with leaking state secrets and "counter-revolutionary incitement".

And informed sources said that contrary to earlier reports that Bao was under house arrest, he has been under watch at Qincheng prison and has not been allowed home.

He was first put under custody on May 28, 1989—days before the Tiananmen Square massacre.

According to a letter written by his wife, Ms Jiang Zongcao, Bao has been denied medical care even though he is seriously ill.

Law Passed Claiming Spratly Islands

HK2602105292 Hong Kong AFP in English 1003 GMT
26 Feb 92

[Text] Beijing, Feb 26 (AFP)—China has passed a controversial law claiming several disputed islands, including the strategic Spratly archipelago in the South China Sea, and reserving the right to use military force there.

The Chinese parliament approved the law Tuesday, official media reported Wednesday, adding that it was effective immediately.

The territorial water law claims the Diaoyutai, Spratly and Paracel Islands as sovereign Chinese territory and applies to the air space, sea bed and bottom soil of the areas, the reports said.

Under the law, China also reserves the right to use military force to prevent any violations of its waters by foreign naval warships or research vessels, all of which must first obtain Chinese permission for passage, the reports said.

Japan and Taiwan also claim sovereignty over Diaoyutai and the building of a Japanese lighthouse on the islands sparked a row last year.

The Spratlys, made up of 33 islands and more than 400 islets and atolls, is claimed in whole or in part by China, Malaysia, the Philippines, Taiwan, Brunei and Vietnam.

The six countries agreed at a meeting in Bandung, Indonesia last July that they would not use force to settle their claims.

(Taiwan supported the Chinese law to claim sovereignty over the islands.

"Basically, both sides of the Taiwan Strait acknowledge that Diaoyutai is a part of China," Ma Ying-jeou, vice chairman of the Mainland Affairs Council, said Wednesday.)

The Spratlys straddle strategic sea trading lanes between the Indian and Pacific oceans and are believed to hold vast oil and natural gas reserves.

The main conflict is between Vietnam and China, which seized part of the Spratlys in 1988 during a brief naval clash.

The Paracels, further north, were occupied by Vietnam until China moved in in 1974.

7th NPC Standing Committee Session Ends

HK2602073892 Beijing CHINA DAILY in English
26 Feb 92 p 1

[By staff reporter Chang Hong: "NPC Enacts Law on Territorial Waters"]

[Text] The Standing Committee of the Seventh National People's Congress (NPC) ended its six-day-long 24th session in Beijing yesterday by endorsing a border pact between China and the former Soviet Union and a law on China's territorial waters and adjacent areas.

The Chinese Government and the government of the former Soviet Union in May signed the accord, which the Russian parliament also ratified earlier this month.

By a majority vote, the Chinese legislators also approved the country's first law on territorial waters and contiguous zones.

Claiming sovereignty over the country's territorial waters and the right of control of adjacent bodies of water, the law aims to safeguard the country's security and its rights and interests at sea.

China's territorial waters cover 12 nautical miles; and the adjacent areas that China is entitled to control cover another 12 nautical miles, according to the law. Control over areas of water also includes the airspace above, the sea-bed and its bottom soil.

The law stipulates the following:

- Civilian foreign vessels have "right of innocent passage" while military ships must get Chinese Government approval before entering China's territorial waters.
- Passing foreign submarines must sail above water and fly their flags.
- Nuclear-powered foreign vessels and other ships carrying nuclear or toxic materials must undergo cautionary measures and receive certification before sailing in Chinese waters.
- Marine research by any international body, foreign organization or individual requires governmental permission.

Key-note speech

Wan Li, the Standing Committee chairman who presided over the meeting yesterday, made a key-note speech emphasizing the importance of democracy and rule of law.

He said that a high-degree of democracy and a comprehensive legal system were imperative for China's modernization drive and long-term stability.

"It is an arduous task to fully attain democracy and orderly rule," Wan said, adding that ordinary people were very much upset by officials and government agencies who disregard the law.

The Chairman cited an incident that took place last year in Anhui Province. During a People's Congress election in Lianghe, Jinzhai County, a candidate for township administrator nominated by deputies, defeated the candidate proposed by county officials. Yet high-level officials refused to recognize the election results.

Learning of this incident, the NPC Standing Committee intervened and upheld the appointment of the lawfully elected candidate, Wan said.

Decree on Territorial Waters Law

OW2502140492 Beijing XINHUA Domestic Service
in Chinese 0752 GMT 25 Feb 92

[PRC Presidential Decree No. 55]

[Text] Beijing, 25 February (XINHUA)—The "Law on China's Territorial Waters and Its Adjacent Areas" [Zhong Hua Ren Min Gong He Guo Ling Hai Ji Pi Lian Qu Fa 0022 5478 0086 3046 0364 0735 0948 7325 3189 0644 3026 6647 0575 3127] was approved on 25 February 1992 by the 24th Session of the Standing Committee of the PRC's Seventh National People's Congress. It is hereby promulgated and takes effect upon the date of promulgation.

[Signed] Yang Shangkun, PRC President

Appoints, Dismisses People's Court Personnel

OW2502133292 Beijing XINHUA Domestic Service
in Chinese 0645 GMT 25 Feb 92

[List of Appointed and Dismissed Personnel of the Standing Committee of the National People's Congress]

[Text] Beijing, 25 February (XINHUA)—The 24th meeting of the Standing Committee of the Seventh National People's Congress [NPC] approved the following on 25 February 1992:

1. Liu Tianbi [0491 1131 1732] is appointed as deputy chief judge of the Civil Division of the Supreme People's Court.

2. Li Hongduo [2621 7703 6995], Shi Zesan [2514 3419 0005], Wang Deyao [3769 1795 1031], and Jiang Zhengjie [3068 2398 3381] are dismissed from the posts of judges of the Supreme People's Court.

3. Zhang Fuqi [1728 3940 2475], Zhang Xinmin [1728 2450 3046], Liu Junsheng [0491 0193 3932], Li Fan [2621 0416], Wang Guifang (female) [3769 2710 5364], Huang Ansheng [7806 1344 3932], and Zhang Hongjun [1728 4767 6511] are appointed as judges of the Supreme People's Court.

Deng Xiaoping January Speech in Shenzhen Examined

HK2602072192 Hong Kong WEN WEI PO
in Chinese 26 Feb 92 p 2

[Report: "SHENZHEN TEQU BAO Continues To Disclose The Spirit of Deng Xiaoping's Speech: People Bitterly Hate Formalism; Shenzhen's Growth Still Depends on Doing More Solid Work"]

[Text] Shenzhen, 25 Feb (WEN WEI PO)—Today, SHENZHEN TEQU BAO [SHENZHEN SPECIAL ECONOMIC ZONE PAPER] published an article entitled "Do More Practical Work—Year of the Monkey Commentary Part Four," disclosing the spirit of Deng Xiaoping's speech given in Shenzhen in January. The commentary pointed out: "The people hate empty and impractical formalism bitterly."

The commentary said: A practical action is better than a guiding principle. Shenzhen's rapid growth and its high-rise buildings have not come from empty talk or from writing, but from practical work."

The commentary stressed: "In order to do more practical work, it is necessary to remain modest and careful and guard against being carried away by a small achievement. 'In fact, we should not brag about the little family fortune we now have because our economy is far inferior to those of the four tigers in Asia.' It is not easy to develop the export-oriented economy or participate in international competition. Empty talk can only bring misfortune to a country, while practical work can invigorate it."

(Added information) News from Beijing: On 25 February, RENMIN RIBAO reprinted part one of SHEN-ZHEN TEQU BAO's Year of the Monkey Commentary entitled "Tightly Grip the Central Link," stressing that the line of taking economic development as the center will be upheld for at least 100 years.

Human Rights Experts Laud 'Success' in Tibet

OW2202104692 Beijing XINHUA in English
1015 GMT 22 Feb 92

[Text] Beijing, February 22 (XINHUA)—A Chinese human rights expert said here today that in the past four decades great success has been achieved in safeguarding and protecting human rights in Tibet.

"The standards of human rights protection in the Tibet Autonomous Region are being improved gradually. This cannot be denied," said Gu Chunde, director of the Human Rights Institute of the People's University in Beijing.

Professor Gu made the remarks to XINHUA in view of the increasing number of fallacies spread from abroad on the so-called "human rights issue in Tibet" recently.

Gu said human rights standards in Tibet can be evaluated in the following four respects: the right to subsistence as the foremost human right in the Third World; the political rights and political autonomy; the rights of economy, culture and social development of Tibetans; and the legal protection of human rights in the region.

Gu, once the vice director of the Law Institute of People's University, said that it was totally groundless to say that "even today Tibetans are being deprived of many of their basic human rights and freedom".

To many developing countries, according to Gu, the profound meaning of the term "human rights" is first the right to subsistence and development.

In essence, he noted, the issues of human rights are within the scope of a country's sovereignty and should come within the jurisdiction of the country's domestic laws.

He noted that the livelihood of Tibetans nowadays is well ensured, with improved conditions in housing, transportation and medical services. "This means their rights to subsistence are protected and safeguarded, which was not so before the peaceful liberation of the region," he added.

The professor said China's regional national autonomy system practised in the regions inhabited by ethnic minorities suited China's special conditions and was the best way to solve problems concerning minority nationalities.

The practice in the past, he said, proved the system was conducive to equal protection of the rights of Tibetans with other nationalities in China and to equal protection of their right to autonomy.

He cited the over 60 local laws and regulations promulgated by the Tibet local people's congress in the past 40 years as an example, adding that these laws and regulations were very realistic and have promoted local social and economic development and the insurance of social security.

Gu said 1,425 temples and monasteries have been rebuilt and open to people in Tibet.

He noted that freedom of religion is a basic human right, too, and that it was a right protected now in Tibet.

Such comments made abroad as "religious persecution is becoming increasingly serious (in Tibet)" are groundless, said Gu. "Compared with the situation in Tibet before its peaceful liberation, today the rights of Tibetans to participate in economic, cultural, and social development are all well protected.

Professor Gu noted that the human rights of Tibetans are not only protected by material wealth, but also by laws and regulations. The number of criminal cases in Tibet is among the lowest in China, he said, adding that this meant the society of Tibet was stable.

The professor pointed out that actually there was not such an issue as the so-called "human rights issue of Tibet".

Historian Refutes Claims for Tibetan Independence

OW2102131992 Beijing XINHUA in English
1242 GMT 21 Feb 92

[Text] Beijing, February 21 (XINHUA)—A noted Chinese historian and professor at Beijing University said here today that the allegations by certain persons abroad on the so-called "independence of Tibet" were fallacious and totally groundless.

Yang Gongsu, a former diplomat and a deputy of the central people's government office in Tibet in the 1950s, made the remarks to XINHUA.

Recently some jurists abroad adopted irrelevant international principles to argue that Tibet was once an "independent country."

In his 1987 book "The Status of Tibet", Michael C. van Walt van Praag of the Netherlands, said in 1913 Tibet gained complete independence and in the 40 years afterwards, according to international law, met the conditions necessary to qualify a "country."

Professor Yang said that in 1913, when Dalai Lama the 13th called for the expulsion of the Sichuan army from Tibet, he did not mention the independence of Tibet. "So we can not say that the declaration is one for 'complete independence' of Tibet," Yang said.

He pointed out that the word used in the declaration of Buddhism is not "Tibetan nation" but "Tibetan region".

Van Praag in his book alleged that since 1914, when Tibet signed the Simla Convention with the United Kingdom, it became an "sovereign country." "This is totally groundless since it contradicts the principles of international law," he said.

According to international law, the professor said, only sovereign states are entitled to sign treaties. Since Tibet was not a sovereign country at that time, he said, not even the United Kingdom acknowledged the independence of Tibet.

Chinese Government representatives time and again announced that they did not recognize the convention and regarded it as illegal and invalid. The Government of the United Kingdom never publicized the convention, said Yang.

The professor said even the colonialists which participated in the Simla Conference at that time did not dare to declare the independence of Tibet; only van Praag did so.

Van Praag held that Tibet during the Second World War refused to build the India-Tibet highway to transport materials for China's war of resistance against Japan. Therefore, he claimed, Tibet's stand was neutral and it was an independent country. "This is also groundless," Professor Yang said.

Yang said during China's war against the Japanese aggression from 1937 to 1945, representatives of Tibet's office in the then Chinese capital not only moved to Chongqing along with the Kuomintang government, but also sent deputies to the national political conference opened by the central government.

In 1946, when the central government amended the constitution, Tibet sent a 10-member delegation to the constitution-amendment conference. Dansam, a representative of the Tibetan region, was elected a member of the presidium of the conference.

"All these facts showed that during China's war against the Japanese invasion, Tibet was not neutral, nor was it an independent country. During that period, it remained a part of China," Yang noted.

Yang also refuted the notion that after the war the Tibetan Government actively started diplomatic moves and Tibet became an independent country.

He did not agree. Since 1911, according to the professor, not a single country in the world opposes the view that "Tibet is part of China", and not a single country has recognized the independence of Tibet. "That fact itself smashes the myth of Tibet's independence," he said.

Yang said van Praag was just a self-proclaimed expert on Tibet, Yang said.

"Van Praag is not actually a researcher, but just a hack writer serving a small number of separatists and schemers abroad," Yang said.

Situation, Problems in Nationalities Areas Viewed

HK2602123192 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 6-7, 17 Feb 92 pp 24-25

[Article by Cao Shaoping (2580 4801 1627): "Create New Situation in Cause of National Unity, Progress"]

[Text] Word from the central nationalities work conference, held in January, shows that the work is continuing to advance along the correct path with Chinese characteristics of solving nationality problems and people of all nationalities joining hands in creating a new situation in the cause of national unity and progress.

Establish And Develop A Nationality Relationship Of Equality, Unity, And Mutual Assistance

China has 55 minority nationalities with a population of nearly 100 million people. Most of them live in the frontier areas. In old China, the people of all nationalities were subjected to oppression and exploitation. The people of minority nationalities suffered particularly severely. It was only after New China was established that all nationality oppression systems were abolished and equality among all nationalities was achieved; and, in compliance with the demands of the broad masses of people of all nationalities, democratic reform and socialist transformation were introduced gradually in minority nationality areas; the slave, serf, and feudal landlord systems were abolished; class oppression and exploitation within the minority nationalities was resolved; equality among all nationalities was realized; and a socialist system was established under which the people of all nationalities genuinely became masters of the country.

In the last 40 years or so, to protect the equal rights and interests of the people of all nationalities, the state has formulated a series of laws, rules, regulations, and policies and implemented the principle of all nationalities being equal down to the various fields of endeavor, enabling the minority nationalities to enjoy equal rights and interests in such areas as politics, economics, culture, and spoken and written languages. Take Tibet for example. In the old Tibet under the rule of the feudal serf system, millions of serfs, who were regarded as "animals that can speak," were traded at will. Politically, there was nothing at all to speak about democracy, freedom, and human rights. After the peaceful liberation of Tibet, through democratic reform and the abolition of the serf system, some serfs were elected people's congress delegates and others served as government officials. Currently, in the Tibet Autonomous Region, more than 95 percent of county people's congress delegates of all nationalities are Tibetan. Tibetan delegates to the regional people's congress constitute more than 82 percent of its total delegates.

Some minority nationalities with a smaller population have profound experiences and feelings about the notion of all nationalities being equal. The Tartar nationality, with a population of less than 5,000 people in Xinjiang,

has its own delegates to the National People's Congress and can discuss state affairs with other nationalities. It genuinely feels it is an equal member of the big family of the Chinese nation. Among the 900-odd Tartars in Urumqi, more than 200 have a university or college education and 42 have senior job titles.

Uphold And Improve The Regional National Autonomy System

To strengthen the construction of national autonomous areas and protect the autonomy of minority nationalities, the state promulgated the "Regional National Autonomy Law" in 1984. Recently, the State Council worked out "A Circular on Certain Questions Concerning the Further Implementation of Regional National Autonomy." Proceeding from their actual conditions, all national autonomous areas formulated corresponding supporting laws and regulations. Now, more than 90 regional autonomous areas throughout the country have formulated autonomous laws and regulations and many areas have their own local laws and regulations designed to improve the regional national autonomy system.

An earth-shaking change has taken place in Inner Mongolia, which has suffered economic depression in those years and where scenes of devastation could be found almost everywhere. One of the reasons all undertakings have improved by leaps and bounds in Inner Mongolia is that the socialist system and the regional national autonomy system have been upheld, equality among all nationalities has been achieved, and all nationalities have become masters of their own destinies and participated in managing the state and regional affairs. According to statistics, in 1990, the Inner Mongolian Autonomous Region had some 149,000 cadres of minority nationalities, constituting 23.5 percent of the region's total number of cadres. The percentage of cadres of minority nationalities in the leading bodies of the regional party committee, people's congress, government, and regional committee of the Chinese People's Political Consultative Conference was about 50 percent.

The Guangxi Zhuang Autonomous Region is an autonomous region and has the largest population of minority nationalities in China. Since the establishment of New China and particularly since the launching of the drive of reform and opening up to the outside world, great changes have taken place in various aspects of endeavor in Guangxi. One important reason for the changes is that the nationality policy and the regional national autonomy system have been earnestly implemented and the rights and interests of the people of all nationalities as masters of their own destinies have been protected. In implementing the regional national autonomy system, they attached great importance to and respected the autonomy and equal rights and interests of other minority nationalities in the region. Now the region has 13 national autonomous counties, including six Yao Autonomous Counties, one Miao Autonomous County,

one Dong Autonomous County, one Mulam Autonomous County, one Maonan Autonomous County, three multinational counties, and 58 nationality townships, thus roughly completing the task of establishing regional national autonomy.

The regional national autonomy system in China also needs to be continuously substantiated and improved in practice. On the one hand, it is necessary to gradually institute and improve the legal system and supervision mechanism for enforcing the "Regional National Autonomy Law" and pay close attention to formulating autonomous and special regulations and, on the other hand, it is imperative to energetically train cadres of minority nationalities. Now the number of minority nationality cadres in China has increased from some 10,000 in 1950 to 2.06 million. Nevertheless, to meet the needs of minority nationality areas' socialist modernization and the drive for reform and opening up to the outside world, it is also necessary to further strengthen the building of the minority nationality cadres contingent.

Achieve Common Prosperity Among All Nationalities

Promoting common prosperity among all nationalities while building socialism is China's fundamental position in its nationality policy. Since the PRC was founded, and particularly since the drive of reform and opening up to the outside world was launched, the state has adopted a series of policies and measures to accelerate the nationality areas' economic and social development and promote comprehensive progress among all nationalities, thus bringing tremendous changes in the local economic outlook. In 1990, the national autonomous areas' industrial and agricultural output value totaled 227.3 billion yuan or a 980-percent increase over 1952, of which total industrial output value rose 4,630 percent. Compared with 1980, the five autonomous regions' GNP and national incomes increased 130 percent. Most minority nationalities have solved the food and clothing problem and some have begun to lead a comparatively well-off life. Minority nationalities and nationality areas have made very great advances in education, science and technology, culture, public health, sports, and other undertakings. Many minority nationalities, which originally had a quite low cultural level, have achieved a big leap in social development, surpassing several stages of social development.

Take Tibet for example. Eye-catching achievements have been scored in the last 40 years since Tibet was liberated peacefully. Bumper harvests in agriculture and animal husbandry have been reaped for 10 years in succession. Tibet's industry has developed from scratch and communications expanded rapidly. Now the region has 22,000 km of roads. Gratifying results have been achieved in education. The region now has three universities, 63 middle schools, and more than 2,700 primary schools. Recently, the state runs more than 80 middle-school courses for Tibetans in 18 interior provinces and cities with an enrollment of 9,000 students or so. Tibet

has a population of 2.12 million people, a 100 percent increase from 1951. The average life expectancy has expanded from 36 years during the initial post-liberation period to 68 years. The same thing goes for Xinjiang. In the last 10 years, Xinjiang's GNP, total industrial and agricultural output value, and national income have doubled and its financial revenue quadrupled. At the same time, a significant improvement has been achieved in the people's living standards. In 1990, the per capita net income of the peasants and herdsmen was 620 yuan or so, an increase of more than 100 percent from 1980. Now the region has some 6,700 industrial enterprises, thus initially forming an industrial economic system with complete sectors.

The common prosperity urged for all nationalities refers not only to economic prosperity but also to prosperity in other fields, such as education, science and technology, and culture. In the last four decades or so since the founding of the Inner Mongolian Autonomous Region, and especially since the beginning of the 1980's, it has formulated and adopted a series of special policies and measures, with the stress on developing national education and has given top considerations to the needs for the development of national education in terms of human, financial, and material resources. In enrolling new students for higher-learning institutions, the region appropriately softens admission standards and conditions for examinees of Mongolian, Daur, Orogen, and Ewenki nationalities. Currently, of every 10,000 people of Mongolian nationality in the region, 23.8 are studying in general institutions of higher learning. This figure is higher than the average level of all the other autonomous regions and the country as a whole. The region has made great advances in cultural undertakings. A radio and television transmission network covering the urban, rural, and pastoral areas across the region has roughly been formed. A number of scientists, writers, and artists of minority nationalities highly influential at home and abroad have emerged.

However, due to various reasons, such as historical and natural conditions, at present, the development of various nationalities in China is uneven. Chinese party and government leaders have attached great importance to the task of accelerating the development of economic, cultural, and other undertakings of minority nationalities and nationality areas and promoting common prosperity among all nationalities. Jiang Zemin, general secretary of the CPC Central Committee, pointed out: The nationality problem at the present stage in China is manifested, in a relatively concentrated way, in the eager demand of minority nationalities and nationality areas for a speedy economic and cultural development. On behalf of the CPC Central Committee and the State Council, he reaffirmed that China's current various preferential policies toward minority nationalities and nationality areas will continue to be implemented. Premier Li Peng said: Our general policy and ultimate goal is to achieve a well-to-do standard of living among all localities throughout the country and all nationalities

and common prosperity among all nationalities. He said: In accelerating the nationality areas' economic and social development, we should rely mainly on three things: continued state assistance, assistance by relatively economically developed areas to their counterparts in nationality areas, and each nationality areas' own strenuous efforts.

Representatives attending the central nationalities work conference held: Under the CPC's leadership, so long as the people of all nationalities continue to advance along the road of socialism with Chinese characteristics, China's cause of national unity and progress will surely continue to move forward.

Wang Renzhi on Philosophy, Social Sciences Goals

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[Article by Wang Renzhi (3769 0117 0037), head of the CPC Central Committee Propaganda Department: "Unite and Strive To Bring About a Flourishing Situation in Philosophy and the Social Sciences; Speech at the National Conference on Planning for Philosophy and the Social Sciences for the Eighth Five-Year Plan (12 December 1991)"]

[Text] To fulfill the demands in philosophy and the social sciences as spelled out in the Outline of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development, the national leading group on the planning of philosophy and the social sciences decided to convene this meeting with the principal goal of discussing the key topics in philosophy and the social sciences as laid down in the Eighth Five Year Plan. In this connection, the meeting will also discuss how to bolster philosophy and the social sciences. I wish to present certain views here on behalf of the leading group.

I. An Important Role for Philosophy and the Social Sciences in the New Historical Period

At present, the world structure is in a period of transition from the old to the new, while our country's socialist modernization and construction is also at a critical stage. In view of the complex international situation and the enormous domestic tasks, it is imperative that our philosophy and social sciences should undergo a new development and advancement, and play a greater role in inspiring our people to win new victories for the socialist cause.

From the international perspective, we are faced with two challenges: 1) The challenge posed by the world economic competition and the new technological revolution. In recent decades, a new revolution in science and technology has flourished worldwide, with all kinds of new sciences and technologies emerging continuously and being swiftly and extensively applied in production at a rate and scale never seen historically. This has enabled the economy to grow by leaps and bounds, and

simultaneously, has aggravated the world's political and economic disequilibrium, and transformed the balance of power between countries. In future contests of comprehensive national strength based primarily on the economy and science and technology, we can only go forward, not fall behind. To fall behind is to be subjected to humiliation and defeat. China is a developing country whose economy, science and technology, and culture remain underdeveloped, and thus faces a notably difficult task in narrowing the gap with the developed countries. 2) There is the stepped-up pursuit of a peaceful evolution strategy by international hostile forces. Since the birth of the socialist system, the struggle between the monopoly capitalist system and the socialist system has never ceased. The struggle between peaceful evolution and counterpeaceful evolution is an important illustration of the contemporary struggle between these two systems. International hostile forces are trying to integrate our country into the capitalist system and reduce us to a vassal state. We should fully understand the importance and urgency of the struggle against peaceful evolution. Whether or not these challenges can be dealt with effectively relates to the future and destiny of our socialist system as well as to the rise and fall of the Chinese nation. We have to meet and overcome these challenges.

Internally speaking, since the Third Plenary Session of the 11th CPC Central Committee, and under the leadership of the party central committee with Comrade Deng Xiaoping as the core, we have smoothly achieved the first-step strategic objective in the modernization endeavor by adhering to economic construction as the central task, upholding the Four Cardinal Principles, abiding by reform and opening up, and are resolutely advancing along the socialist path. After the Fourth Plenary Session of the 13th CPC Central Committee, the party central committee with Comrade Jiang Zemin as the core continued to pursue the basic line of "one center and two basic points," and carried out correct policies and guidelines. With joint efforts by peoples of all nationalities around the country, China achieved economic, political, and social stability, while the people are confidently striving to realize the second-step strategic objective in the modernization endeavor. At the same time we should also note that many problems remain to be ironed out in our domestic economic, political, and social life. The confrontation between bourgeois liberalization and the Four Cardinal Principles will long exist, while certain elements of instability will remain or even arise in society. We still have to work relentlessly and refrain from the slightest idleness in order to adequately solve all kinds of contradictions and problems, maintain a stable growth, resolutely improve the economy, and achieve the stated strategic objective.

Research in philosophy and social sciences is a front led by the party, and philosophy and social sciences workers, as an important force in modernization and development, shoulder a heavy historic task in the endeavor to meet the challenges and open up the future, and should therefore actively contribute their efforts.

Theoretical work in Marxism as well as research in philosophy and social sciences occupy a very important position and role in the proletarian revolutionary cause and socialist construction. Lenin once said: Without theories, the proletarian political party will lose its right to survive and will inevitably be doomed to political bankruptcy. Doing a good job in Marxist theoretical work and philosophy and social sciences work has always been a prerequisite in the efforts of the proletarian political party to guide to victory the revolutionary cause and construction endeavors. It is also a fundamental path in the party's efforts to exercise ideological leadership. The entire history of the communist movement as well as the history of our party have provided strong argument of this.

Following its birth, Marxism became increasingly integrated with workers' movements during its struggle with all kinds of opportunistic and erroneous ideas. It became the ideological weapon used by the proletariat in understanding and transforming the world. Workers' movements began to flourish after that. By the end of the 19th century, opportunistic ideas grew rampant within the international communist movement as the workers' parties in leading capitalist countries were reduced to appendages of the bourgeoisie and the international communist movement plunged into a low ebb. Given the new historical conditions, Lenin scientifically answered the new problem presented by reality by criticizing the opportunism of the Second Comintern and masterfully taking control of the ideological and theoretical struggles, thereby pushing Marxism to a new stage—the Leninist stage, enabling the international communist movement to emerge from its low ebb, surge to a high tide, and secure a great victory in the October Socialist Revolution.

In the long history of our party's struggles, the tremendous guiding role of Marxism and Leninism is also quite evident. After the party was established, it launched workers' and peasants' movements under the guidance of Marxism and Leninism, while cooperating with the Kuomintang to carry out the expedition against the northern warlords and bring the national revolution to a high tide. But due to insufficient theoretical preparation, Chen Duxiu's rightist capitulationism prevailed for a while within the party, leading to the collapse of the great revolution. When the revolution fell to a low ebb, the Chinese Communists, represented by Comrade Mao Zedong, carried out an arduous theoretical examination in the course of practical undertakings. Comrade Mao Zedong wrote such brilliant works as "Why Did China's Red Regime Survive?", "Struggle at Jinggan Shan", "A Single Spark Can Start a Prairie Fire", and "Opposing Bookishness". He also brought new developments to the revolutionary situation and revolutionary forces by laying out a revolutionary path that advocated the establishment of an armed independent regime of workers and peasants and the encirclement of the cities by rural areas. But because the comrades of the entire party at the time lacked a thorough understanding of Marxism and of

China's national conditions, the dogmatization of Marxism and Leninism by Wang Ming's leftist opportunists and the frenzied "encirclement and suppression" by the enemy almost pushed the revolution to a hopeless situation. It was only at the Chunyi Conference where Comrade Mao Zedong's leading position in the Red Army and the party Central Committee was established that the ship of the revolution was steered to safety, and a new situation in the revolution developed. Later, Comrade Mao Zedong wrote a series of brilliant works, including "On Practice," "On Contradiction," "The Chinese Revolution and Communist Party of China," and "On a New Democracy," all of which offered theoretical answers to questions on China's revolutionary path, etc., and formed a guiding ideology consistent with China's national conditions—Mao Zedong Thought. China's revolution thus marched from victory to victory under the guidance of Mao Zedong Thought. After the birth of the PRC, while Mao Zedong Thought further enriched and developed while it gained victory in guiding the development of the socialist revolution. After the Third Plenary Session of the 11th CPC Central Committee, the Chinese Communists, represented by Comrade Deng Xiaoping, insisted on integrating the fundamental principles of Marxism with China's modernization and construction, collected the wisdom of the nation's people, and on the foundation of positive and negative experiences summed up from the socialist revolution and construction, proposed the theory of building socialism with Chinese characteristics—a theory which enriched and developed Mao Zedong Thought and ushered in a new historical period. In his "1 July" speech, Comrade Jiang Zemin further expounded on the essential economic, political, and cultural features, as well as basic principles in the building of socialism with Chinese characteristics. The theory on the building of socialism with Chinese characteristics has already displayed an enormous role in guiding practical undertakings and has ensured the smooth progress of socialist construction and reform.

Historical experience as well as the realities of struggle tell us that the fundamental guarantee for victory in the proletarian revolution and in socialist construction lies in adherence to guidance by Marxist theories. At no time can the proletarian political party ignore theoretical work on Marxism or in philosophy and the social sciences. This is true whether the revolutionary cause is at high or low tide. Generally speaking, when the revolutionary cause is at a high tide, the high tide itself is made possible by revolutionary theories. At that time, the revolutionary cause, imbued with irresistible force, can move with blinding swiftness. Therefore, the proletarian party needs to apply theories to predict the general trend in the revolution's development and draw up the correct action plans and guidelines in order to guide the people in surging ahead. At such time, revolutionary theories constitute an important condition for winning, advancing, and consolidating victory. Meanwhile, when the revolutionary cause is at a low ebb and has suffered setbacks, it is even more necessary for the proletarian

party to apply theories in analyzing the contradictions and summing up lessons in order to find the answers to tough practical problems, find the path ahead, and awaken the people's fighting spirit. During such time, theories are an indispensable requirement by which to move the revolutionary cause out of the low ebb and into a high tide; they are vital ammunition in developing a new situation in the revolutionary cause. Today the international communist movement is at a low ebb, while the world socialist cause has suffered a serious setback. Under these circumstances, we will encounter many obstacles and problems at home and abroad as we insist on the socialist path and on the building of socialism with Chinese characteristics. It is therefore even more necessary for us to place high premium on Marxist theoretical work as well as on research in philosophy and the social sciences so that they can display their full potential. Only under the guidance of Marxism can we study and discover the laws and special features in the development of capitalism, and of socialism. We can provide powerful theoretical guidance to socialist modernization and construction as well as to reform and opening up only by answering in theoretical terms the big questions arising from practical undertakings, thereby assuring progress in socialist modernization and construction as well as reform and opening up in the right direction. We will then be able to convince and educate our people and our youth to firm up their conviction in socialism and give full play to their socialist initiatives. It is furthermore possible to enhance the people's ability to distinguish right from wrong, contain and destroy the ideological offensives of hostile forces both at home and abroad, and consolidate as well as develop the cause of socialism with Chinese characteristics only by applying the sharp weapon of Marxist theories to dissect and criticize the bourgeois ideological system. At the same time, our theories, philosophy, and social sciences can only be developed, promoted, and allowed to display their vitality, fighting power, and creativity by responding to the call of the times and the demands of the practical undertakings, and by answering important practical issues and battling with all kinds of wrong ideas.

Our philosophy and social sciences front has had a glorious tradition and has presented valuable scientific and technical findings in the period of the revolution and construction. Since the Third Plenary Session of the 11th CPC Central Committee, the masses of social scientists have exerted great efforts and achieved satisfactory results in discussing the yardsticks of truth; summing up historical experiences since the birth of the PRC; serving modernization, construction, reform, and opening up; upholding the Four Cardinal Principles; and opposing bourgeois liberalization. These results have played a major role in our party's creation of the theories on building socialism with Chinese characteristics and in its formation of the basic guidelines, policies, and principles concerning the preliminary stage of socialism. Both the party and the people have fully affirmed the positive

contributions of the masses of social scientists. Naturally, our philosophy and social sciences front still suffers many defects and lags behind practical developments. We are convinced that the social scientists will be able to inherit their glorious traditions, further their achievements, overcome their weaknesses, and continue to make new contributions.

II. Heavy Tasks Confront Philosophy and the Social Sciences

Building socialism with Chinese characteristics is the basic undertaking of our people at this stage. It is in the fundamental interest of our country and people, as well as an important matter in the development and future of the cause of world socialism to relentlessly promote this great undertaking of billions of people. The challenge confronting the effort to build socialism with Chinese characteristics is also the challenge confronting philosophy and the social sciences; the problems in this effort are also the problems that philosophy and the social sciences should study. The fundamental task in philosophy and the social sciences is to study both in theory and in practice the economic, political, and cultural problems of this undertaking from various aspects and angles under the guidance of Marxism in order to provide a powerful theoretical guidance, effective policy basis, and favorable public opinion for this great undertaking.

Philosophy and the social sciences should abide by the party's basic line of "one center, two basic points" and define as its principal task the expansion and deepening of studies on socialism with Chinese characteristics in order to spur this study in all other aspects and subjects. Not only should we study the basic question of building socialism with Chinese characteristics in a comprehensive manner by considering national conditions; we should also study the economic and social development issues of different regions by considering the conditions in provinces, cities, and counties. It is imperative to proceed with bolder exploration, based on existing theoretical achievements, and continue to enrich and perfect the body of theories on the building of socialism with Chinese characteristics. It is necessary to sum up the practical experiences of the past 40 years, particularly since the Third Plenary Session of the 11th CPC Central Committee, promptly summarize the fresh experiences of the people, conduct new theoretical explorations, and present new theoretical viewpoints in order to satisfy the demands of construction and of reform. Once these demands are satisfied, philosophy and the social sciences will then find its rightful place, acquire a vast room for growth, display its potential, and receive the strong attention of the party and the people. If they deviate from these demands, philosophy and the social sciences will be deprived of vitality and a future. The study of philosophy and the social sciences should be voluntarily directed at serving the building of socialism with Chinese characteristics, and at the struggle to build our country into a strong, democratic, and civilized socialist state.

If philosophy and the social sciences is to serve socialism with Chinese characteristics, it should first serve the central task of the entire party and country, namely economic construction. The fundamental task of socialism is to develop society's productive forces. Once this is boosted, the national economy will grow, the rising material and cultural needs of the people will be met, the superiority of the socialist system will be fully demonstrated, and all kinds of tests and trials will be overcome. Because we have a large population, weak foundation, underdeveloped economy, and imbalanced growth, the task of economic construction is extremely arduous. We should conduct a systematic investigation and study of economic construction from various angles and aspects, and make scientific assessments and predictions in order to help the party and the government deal correctly with continuously emerging problems, thereby promoting sound growth of the national economy. At present, research in philosophy and social sciences should abide by the spirit of the Seventh and Eighth Plenary Sessions of the 13th CPC Central Committee and of the central work conference, strive to consolidate and develop the great achievements obtained in the 1980s, and maintain the sustained, stable, and coordinated growth of the national economy in order to contribute to the realization of our country's 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development as well as the realization of the second-step strategic objective in socialist modernization. There are many subjects which should be studied in depth, such as macroeconomic control of the national economy; the theory and practice of balance between total social supply and demand; the most efficient distribution of productive forces; industrial structural readjustment, proportions, and rates; performances in economic development, economic growth through scientific and technological progress; income distribution, circulation, and consumption in the present stage; stronger vitality of large and medium-sized state-run enterprises; improvement of overall production capability and agricultural level, coordinated growth of urban and rural economies; economic and social development and population in nationalities regions; and other subjects. According to the tasks presented by the economic construction, philosophy and social sciences workers should study not only economic theories, but also give advice and suggestions on related guidelines, policies, and plans, focusing on the numerous practical issues, and further carry out studies on the social benefits of implementing these guidelines, policies, and plans. Such social science research is welcomed and expected by the party and the people.

Philosophy and the social sciences should conduct serious studies on the various problems of reform and opening up, engage in courageous exploration and serve reform and opening up. To promote the development of our country's socialist economy, we have to deepen the reform of the economic structure, and expand the opening up to the outside world. Without reform, socialism will have neither vitality nor vigor; if the

reform fails to adhere to a socialist direction, it will spell an end to the party and the people's accomplishments over their last 70 years of struggles. In the 1990s, we should initially establish an economic system and operating mechanism suited to a growing socialist planned commodity economy founded on the public ownership system, and that integrates a planned economy with market regulation. This is an enormous systematic project which we have to explore and upgrade. Philosophy and the social sciences enjoys bright prospects in this area. Issues which have to be urgently studied now are: Theories and practice in socialist economic reform; basic trends and ideas on economic structural reform in the 1990s; a structure incorporating different ownership systems but dominated by the public ownership system; ways and means to integrate a planned economy and market regulation; reform of the price structure; reform of wages and salaries; reform of the investment, financial, monetary, and taxation structures; issues pertaining to the coastal and inland regions' opening to the outside world; strategies for foreign trade development in the 1990s, and reform of the foreign trade structure. We should work hard to achieve results and progress, and use scientific and technological findings to provide theoretical bases, practical suggestions, and feasible plans for the reform and opening up efforts.

Philosophy and the social sciences should vigorously spur the development of socialist democratic politics and promote a political situation characterized by stability, unity, and vitality, as well as ensure the supremacy of the people and lasting stability in the country. A fundamental requirement in our building of socialism with Chinese characteristics is socialist democratic politics; this is also an important field in philosophy and the social sciences that requires intensive study. Given that domestic class struggles will exist for a long time within a certain scope, as will hostile forces seeking to subvert our socialist system internationally, we should consolidate the people's democratic dictatorship. It is necessary to step up the building of a socialist democratic and legal system; perfect the system of people's congresses as well as the system of multiparty cooperation and political consultation under the CPC's guidance; maintain close links between the party and the government on one hand, and with the people on the other hand; improve the people's role as master of the country; and form a "lively and vigorous political situation characterized by centralization and democracy, discipline and freedom, unity of will, and the individual's peace of mind." It is thus necessary to make an in-depth study on the following: class struggle in the preliminary stage of socialism in China; Marxist theses on the state; the building of political power in a socialist state; political stability in the course of socialist modernization and construction; deepening of China's political structural reform; reform of state organs and of the cadres and personnel systems; building of a socialist democratic and legal system; developing clean government; consolidation and development of the united front; policies on ethnic relations and religion; and other topics. Research

in this field is of immense significance to the development of a political situation characterized by stability and unity, to a scientific and democratic approach in the party's and the government's decision-making, to the mobilization of all positive factors, and to a guarantee that all endeavors will progress soundly along the path of the socialist democratic and legal systems.

Philosophy and social sciences should take an active part in the building of socialist spiritual civilization and serve to boost ideological and ethical qualities as well as the scientific and educational level of the Chinese nation. Socialist spiritual civilization is a new stage in the development of human civilization. Our philosophy and the social sciences reflect the achievements of human spiritual civilization and embody the essence of the times and the spirit of socialism. Because philosophy and social sciences studies involve the often-mentioned world outlook, life outlook, and value concepts, as well as issues in ideas, ethics, and sentiments, they can provide substantial materials and bases for ideological and ethical education, and help people acquire a correct understanding of the world, society, and life. At the same time, as a branch of social knowledge, philosophy and social sciences can also offer the people rich knowledge, and boost their scientific and educational level. Workers in philosophy and social sciences therefore have an unshirkable duty to society to train the socialist new man with "ideals, moral values, education, and discipline." Given the conditions created by the reform and opening up, and by the development of a commodity economy, changes continue to appear in the peoples' social and spiritual, while all kinds of new social problems are also surfacing endlessly, making the task of building spiritual civilization heavier and heavier. Our social sciences must study questions concerning man's spiritual world and spiritual life. For instance, given the reform and opening, what are the special features and laws governing changes in views on life, and in the peoples' value concepts and morals, especially among the young people. How can these special features and laws be used to help people foster the right view of life, value concepts, and morals? All departments engaged in spiritual production should be encouraged to produce more abundant and colorful spiritual food in accordance with the peoples' needs. It is necessary to explore the laws in the building of socialist spiritual civilization, including development strategies and plans for the building of spiritual civilization, and the forms and effects of activities related to the building of spiritual civilization. It is necessary to study the socialist culture with Chinese characteristics, promote the fine traditions and cultures of the Chinese nation, absorb the useful things of cultures of foreign countries, and other tasks. Research in this field can promote the building of socialist spiritual civilization and boost the overall quality of the Chinese nation.

Philosophy and the social sciences should emphasize the study of countering peaceful evolution in order to serve the efforts to resist peaceful evolution in the ideological domain. While international hostile forces on one hand

vigorously publicize the wonderful existence of capitalism, they also proclaim on the other hand that socialism is either dead or already dying. They have stepped up implementation of their peaceful evolution strategy by relying on their economic, scientific and technological, and military strength. To effectively defeat the international hostile forces' attempt to carry out peaceful evolution in our country, we should step up the study of contemporary capitalism. After the Second World War, many new situations and changes occurred in the developed capitalist countries, ushering in a period of relative stability. It is necessary to study why capitalism has had a relatively stable development; the changes in its productive forces, productive relations, superstructure, and the significance of these changes; how the basic contradictions in capitalism are manifested in contemporary times and its development trend; the contradictions among developed capitalist states and those between them and developing countries; the current state and future of the international workers' movement; and other topics. Marxists cannot avoid these issues; they should be studied carefully in order to arrive at a correct understanding of capitalism, and to acquire the ideological and theoretical weapons needed to resist peaceful evolution. We should also study the process and causes of the transformation of some socialist states; the problems and lessons they encountered in the economy, politics, ideology and theory, party building, religion and ethnic relations; and from these studies, we should point out the problems that should be stressed in opposing peaceful evolution. We should study the tactics and methods used by the international hostile forces in pushing peaceful evolution, and study as well as formulate ways and measures we can use to resist the attempt. It should be said that studies in the aforementioned topics lag behind the development of the situation and should therefore be put in an important place.

Stepping up the study of international issues is of great importance in our effort to secure a peaceful international environment for our socialist modernization and construction. At present, the international situation is undergoing its most profound changes since the Second World War. Various forces in the world are being divided and reorganized in the wake of a complex conflict of interests and contradictions. While the old world structure has collapsed, a new one has yet to emerge. Under such an international climate, we have to study a numerous international issues and deepen our understanding of the situation in each country if we are to adopt a correct policy in dealing with international problems and relations. We should pay attention to studying the trends in international political and economic patterns, the strategies and foreign policies of different countries as the international pattern changes, the trends in the transformation of some socialist countries and their effects on the world structure, the role and effect of the Third World as the world structure changes, the new international political and economic order, political and economic developments in neighboring countries, the world arms race, trends in arms control

and disarmament and China's countermeasures, and other issues. Results of studies in these areas can enable us to scientifically understand the rapidly changing international situation, deal correctly with interstate relations, and secure an international environment favorable to socialist modernization and construction.

We should also vigorously step up study of the fundamental theories of Marxism in order to uphold and develop Marxism in a better way. This not only responds to the need to enrich the theoretical foundation used in guiding China's socialist modernization endeavor, but also represents the fundamental guarantee for healthy growth in China's philosophy and social sciences, as well as an important task in the philosophy and the social sciences. As a scientific theory, Marxism has to be developed continuously in line with the advance in practical undertakings. We should not only study the new situations, new problems and new experiences in socialist modernization and construction, as well as the new international political and economic situations, we should also study different theories and ideas at home and abroad, seriously sum up and absorb the new findings in human civilization, including findings in the natural sciences and in the technological revolution, and seek to substantiate and promote Marxism through the integration of theory and practice. We should intensively study new contemporary developments in Marxism, Comrade Mao Zedong's ideas on socialist revolution and construction, Comrade Deng Xiaoping's theoretical contributions on socialism with Chinese characteristics, fundamental theories and practice on socialism with Chinese characteristics, and other issues, and strive to achieve greater theoretical progress.

To uphold and develop Marxism, it is necessary to explore and criticize all kinds of anti-Marxist ideas. It is imperative to study and criticize the essence of ideological and political pluralisms advocated by the bourgeoisie; study and criticize the incorrect ideological and political viewpoints endorsed by the bourgeoisie behind slogans such as democracy, liberty, and human rights; expose the hypocrisy and class nature of these viewpoints; expose their reactionary character as they are used by the bourgeoisie to intervene in the internal affairs of socialist states and to control Third World countries; and draw a clear distinction between Marxism on one hand, and bourgeois ideological and theoretical viewpoints on the other. Democratic socialism constitutes a rightist opportunist ideology as well as an instrument for peaceful evolution. We have to make a penetrating study of its historical origins, practical features, erroneous substances, and serious dangers, and clear distinguish between scientific socialism and democratic socialism. Because of their opposition to the socialist road and the leadership of the Communist Party, bourgeois liberal ideas represent the internal agent for peaceful evolution. We should study the class origins, historical roots, and international background that gives rise to these ideas, recognize its essence and evils, clearly distinguish between the Four Cardinal Principles and

vigorously publicize the wonderful existence of capitalism, they also proclaim on the other hand that socialism is either dead or already dying. They have stepped up implementation of their peaceful evolution strategy by relying on their economic, scientific and technological, and military strength. To effectively defeat the international hostile forces' attempt to carry out peaceful evolution in our country, we should step up the study of contemporary capitalism. After the Second World War, many new situations and changes occurred in the developed capitalist countries, ushering in a period of relative stability. It is necessary to study why capitalism has had a relatively stable development; the changes in its productive forces, productive relations, superstructure, and the significance of these changes; how the basic contradictions in capitalism are manifested in contemporary times and its development trend; the contradictions among developed capitalist states and those between them and developing countries; the current state and future of the international workers' movement; and other topics. Marxists cannot avoid these issues; they should be studied carefully in order to arrive at a correct understanding of capitalism, and to acquire the ideological and theoretical weapons needed to resist peaceful evolution. We should also study the process and causes of the transformation of some socialist states; the problems and lessons they encountered in the economy, politics, ideology and theory, party building, religion and ethnic relations; and from these studies, we should point out the problems that should be stressed in opposing peaceful evolution. We should study the tactics and methods used by the international hostile forces in pushing peaceful evolution, and study as well as formulate ways and measures we can use to resist the attempt. It should be said that studies in the aforementioned topics lag behind the development of the situation and should therefore be put in an important place.

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methodology for the study of the social sciences. Lenin once pointed out: The birth of historical materialism allowed subjects engaged in the study of society in the past to become a genuine social science; without a historical materialist viewpoint, there is no social science. As a socialist state, our insistence on the use of Marxism as the guide in our study of the issues in all social domains is both a requirement for the advancement of the socialist cause as well as a basic guarantee for the healthy growth of the social sciences. There cannot be the slightest wavering on this issue. One need not look far for a lesson. The proliferation of bourgeois liberalization in our country on several occasions and the transformation of some socialist states provide us with extremely profound lessons. Facts have shown that when society and the social sciences move further ahead, there is a greater need for Marxist guidance; negligence and renunciation of the guiding role of Marxism will not only make it difficult for the social sciences to develop in the right direction, it will also lead to economic crisis and social unrest because of the peoples' confused theoretical thinking. As Comrade Jiang Zemin said: "Unless Marxist theories are conscientiously studied and explored, we will lose our way amid the complicated situation, lose our ability to distinguish right from wrong, dismantle our ideological weapons, and commit an extremely grave error." We should have a clear understanding of this, and should enhance our awareness to be guided by Marxism.

In insisting on studying objective and realistic world issues by means of Marxist-guided social sciences, we are upholding and applying the Marxist world outlook and methodology in the study of the realities in China and the world so that we can further develop and advance our understanding based on that of our forebears. The initiators of Marxism had repeatedly stated that their theses should serve as research guides and not rigid dogmas. Our party has also consistently underlined the need for a scientific approach to Marxism and the principle of integrating the fundamental theories of Marxism with China's concrete realities. Similarly, research in social sciences should follow this fundamental principle and contribute to its realization. All social scientists who are dedicated to the cause of building socialism with Chinese characteristics and to the advance of social sciences should liberate their thoughts; seek truth from facts; apply the Marxist stance, viewpoint, and methods; engage intensively in research on new situations, new problems, and new experiences arising out of the modernization effort and out of the reform and opening up; and draw new theoretical conclusions to guide our efforts to create a new life. To achieve this, it is necessary for us to master the powerful ideological weapon called Marxism, and bolster our ability to apply it. Otherwise, it will not be possible to achieve high-quality research results that will resolve major theoretical and practical issues, nor will it be possible to fulfill the heavy historical mission that philosophy and the social sciences are entrusted with.

The policy of "letting a hundred flowers bloom and a hundred schools of thoughts contend" reflects the special features and laws in the development of the sciences and the arts. It is the fundamental guideline in our effort to promote the sciences and the arts. When he presented this guideline, Comrade Mao Zedong had stated: Literally speaking, letting a hundred flowers bloom and a hundred schools of thoughts contend has no class character. It can be used by different classes and different people. But essentially speaking, it is endowed with class character. He stressed that in the implementation of this guideline, the most important thing is to uphold the socialist road and the party's leadership. Comrades Deng Xiaoping and Jiang Zemin have both emphasized that the policy of letting a hundred flowers bloom and a hundred schools of thoughts contend should be carried out under the premise of upholding the Four Cardinal Principles and of guidance by Marxism. All these show that the policy of "letting a hundred flowers bloom and a hundred schools of thoughts contend" has a very clear-cut socialist content. It is designed to promote the cause of socialist sciences and arts, and is not just any other guideline. In the past few years, advocates of bourgeois liberalization tried to obliterate the class content and socialist objective of the policy of "letting a hundred flowers bloom and a hundred schools of thoughts contend" on one hand, and on the other hand, created an uproar by brutally suppressing critical views and blatantly destroying the academic atmosphere of seeking truth from facts in the sciences. Because of past experiences and lessons, we should note the following when implementing the policy of "letting a hundred flowers bloom and a hundred schools of thoughts contend":

1. It is necessary to create a lively atmosphere conducive to courageous exploration and upgrading under the premise of upholding the Four Cardinal Principles, foster academic freedom, encourage contention and exchange between different academic viewpoints, and develop a fine atmosphere where national conditions are taken into account, facts are respected, truth is served, and discussions are equal. Bourgeois liberal views which definitely negate the Four Cardinal Principles should not only be barred from free expression, but should also be criticized.

2. It is necessary to conduct criticism and self-criticism freely. Discussions of different academic viewpoints and opinions, that is, "contentions" and debates carry in itself elements of mutual criticisms. It is necessary to allow criticism, counter-criticism, and self-criticism. Without criticism and self-criticism, there can be no talk of genuine implementation of the policy of "letting a hundred flowers bloom and a hundred schools of thoughts contend." Mistakes are inevitable in the course of exploration; hence it is necessary to tolerate mistakes and encourage their correction. With regards to viewpoints that are obviously wrong, Marxists should foster the fine tradition of criticism and struggle, dare to uphold the truth, and carry out a convincing analyses of the wrong viewpoints with a scientific attitude.

3. It is necessary to respect practice. Practice is the only yardstick by which to measure truth. The correctness and incorrectness of different viewpoints can only be tested by practice. It is necessary to stop and overcome bad phenomena such as deviation from practices, subjective exaggeration, and arrogance.

4. It is necessary to conscientiously carry out the guideline on unity. We need to unite all academic workers inside and outside the party who are dedicated to research on Marxism, as well as all patriotic, non-Marxist academic workers, and encourage and support their scientific findings that are beneficial to the prosperity of the people and to the socialist motherland.

IV. Bolster Leadership, Improve Conditions, and Develop a Vast Research Team in Philosophy, Social Sciences

Aside from adhering to a correct direction, a series of problems should be studied and resolved if philosophy and the social sciences is to develop and prosper further and more effectively serve the building of socialism with Chinese characteristics.

1. We should bolster leadership, improve management, and coordinate and organize the research force in philosophy and social sciences.

Research in philosophy and social sciences is a fundamental undertaking in the ideological domain, while emphasis on ideological work is a fine tradition of our party. Comrade Deng Xiaoping has clearly demanded: "Starting from the central authorities, party committees at all levels should steer ideological and theoretical work onto the right track and put it in an important position." Party committees at all levels as well as their respective propaganda departments should conscientiously carry out this directive, realistically bolster their direction of research work in philosophy and social sciences, and stress the role of the social sciences' ranks. Long- and medium-term plans as well as the annual plans concerning research in philosophy and social sciences should be formulated and implemented according to realistic conditions. Examination and post-supervision of key research issues that were defined quite some time ago should be bolstered. The study of major issues encountered in the building of socialism with Chinese characteristics will often require a multidisciplinary and multifaceted effort. Therefore, efforts should be organized to overcome tough issues in some major comprehensive research topics, and strive to achieve high-level, innovative outcomes. It is necessary to organize the various forces in the social sciences effectively through coordination, and strive to reverse a situation in which there are overlapping and overstretched scientific research centers and subjects, where research forces fail to deliver, and research work lingers at a low level. All departments engaged in practical undertakings should step up contacts with the social sciences, suggest research subjects, offer assistance, work with each other, and conduct joint research.

2. We should improve conditions and strengthen the building of scientific research materials and facilities.

Social science research requires certain material conditions, and as the economy, and science and technology develop, material demands will also become greater. In particular, certain quantitative research projects even require facilities such as computers in order to carry out analyses and processing. Research of practical issues today suffers from a shortage of funds, inaccurate information, difficulty in data collection, and fairly backward methods and means. Proper attention must be paid to the building of information and data networks in order to give full play to the role of information and data in the research process. It is necessary to uphold and implement the party's policy on intellectuals, respect knowledge and talents, politically show concern and support for scientific workers, and strive to improve their working and living conditions in order to give full play to the initiatives and innovations of the masses of social scientists. A definite amount of financial support from the state is needed for the undertaking of research in philosophy and the social sciences. In the Seventh Five-Year Plan, the state allocated a total of 55 million yuan and supported 2,033 research projects in the form of key research funds, social science funds, and a young social scientists fund. At the same time, local financial departments from 22 provinces, autonomous regions, and municipalities also poured in 16.65 million yuan in the form of a social science fund to finance 2,672 research projects. Hencefore, efforts should be made to expand the sources of capital for the social sciences by securing more state allocations as well as raise funds from other channels. Earlier, when the Beijing Municipality Party Committee and People's Government proposed to carry out 10 practical undertakings in order to promote the cause of the social sciences in the Eighth Five-Year Plan, many provinces, cities, and autonomous regions also adopted numerous measures and provided strong support to the building and advancement of the social sciences in the light of their local conditions. We hope that this good momentum will be maintained so that inputs into the social sciences will be increased gradually as the local financial revenues go up. At present, we should allocate and spend the existing funds wisely by doing a good job in the planning of the social sciences and the management of the funds in order to make the best use of the limited funds.

3. We should step up the development of the social sciences ranks.

The ranks of our social scientists are distributed primarily in the following five networks: The Academy of Social Sciences, institutes of higher learning, party schools, the Army, and some research institutes within the party and state organs. In the past decade, this army of social scientists has actively engaged in social science research and contributed to the cause of socialist modernization and of reform and opening up. As such, the masses of social scientists have earned the confidence of the party and the people. However, it should also be

noted some problems continue to exist within this army—problems which have caused our social science research to lag behind the realities. Many inadequacies as well as fairly huge gaps exist when compared with the situation and tasks confronting philosophy and the social sciences, the demands in the building of socialism with Chinese characteristics, and the hopes placed by the party and the people on social science research. Furthermore, our army is also plagued with a dearth of successors, particularly a lack of leaders in the various disciplines. Whether these problems can be resolved satisfactorily, and whether our army can be built effectively are crucial issues connected to the development and prosperity of philosophy and the social sciences.

To step up the building of the ranks in philosophy and social sciences, the most important thing is to boost the political, theoretical, and professional qualities of the social scientists, and to upgrade their ability to analyze, study, and resolve theoretical and practical issues. If social scientists want to make some accomplishments in research, they should be equipped with the basic ability to apply the Marxist position, viewpoint, and method, and apply the knowledge of their own discipline as well as those of related natural sciences, and conduct extensive field studies and surveys. The masses of social scientists should be guided and organized to conscientiously study the basic theories of Marxism and Mao Zedong Thought, and observe and assess all kinds of social issues from the standpoints of the party and the people. The study of philosophy and the social sciences cannot be carried out inside a room; realistic and relevant achievements can only be obtained by engaging in intensive practical undertakings in society and going into the midst of modernization, reform, and opening up. The necessary conditions should be created to help our researchers, especially the young ones, go deep into the real situation, familiarize themselves with China's conditions, explore through practice, and through this process compensate for their shortcomings in ideology, politics, scientific knowledge, and education. The social scientists should also be encouraged to master more modern knowledge in the natural sciences. The ability to analyze and resolve problems should be upgraded continuously by integrating theories with practice. In particular, attention should be paid to foster an excellent atmosphere for learning, learn from the older generation of social scientists who have made outstanding contributions to the revolution and construction, carry out steady and dedicated research, erase all vague and superficial styles of study, and foster the excellent habit of proceeding from realities, and seeking truth from facts. Research which goes from one concept to another, deviates from reality, seeks only to publish articles, asks no question about relevance, tries to please the public with claptrap, and entails no real hard effort are all undesirable. Once social scientists are tainted with this bad style, they are not likely to make any accomplishments of worth.

To bolster the building of the ranks in philosophy and the social sciences, it is necessary in particular to emphasize the training of fine talents who will straddle the next century and train a new generation of social scientists. This is a matter of great strategic importance, both from the perspective of having to keep the leadership of ideological departments in the hands of people that are faithful to Marxism, and from the perspective of the advancement of the social sciences itself. Young comrades should be made to conscientiously study the basic theories of Marxism and Mao Zedong Thought. This should also be guided and organized into the practice of taking the path of integration with workers and peasants, and of integration with practice. Some fine middle-aged and young people who have undergone training and tests should be given fewer professional burdens and should instead be given some responsibilities for major projects and tasks so that they can mature quickly and become the backbones of research and the leaders in their fields. It is furthermore necessary to discover and select promising researchers from other fronts in order to substantiate and expand our ranks engaged in research in philosophy and social sciences. The training of social scientists who will straddle into the next century is an important subject of strategic significance. I hope that everyone will join the effort to continue summing up experiences and exploring a new path.

Both the party and the state have high hopes for the philosophy and social sciences front, while the people also expect us to score new victories and make new contributions. Our departments engaged in ideological work, social science research departments, and the masses of social scientists should further define their responsibilities and missions, and make relentless efforts. With the principles of Marxism-Leninism-Mao Zedong Thought as the foundation, they should be united, inspired, and spurred to action with the goal of building socialism with Chinese characteristics, and engage actively in modernization, reform and opening up. Even though our country will continue to encounter various problems and difficulties in its advance, and the development of philosophy and the social sciences will also be restricted by certain material conditions, the objective has been defined and the way made clear. As long as we firm up our conviction, boost our morale, and dare to surge ahead, we will be able to promote the development and prosperity of philosophy and the social sciences. Under the new historical conditions, and given the presence of challenges and opportunities, our social scientists have much room to flex their muscles and face a bright future. Let us join the effort to achieve more and better results, and fight valiantly to build socialism with Chinese characteristics.

Economic & Agricultural

Li Peng on Macroeconomic Control, Regulation
HK2502131392 Hong Kong CHING CHI TAO PAO
in Chinese No 6, 17 Feb 92 p 17

["China Economic News" column article: "Li Peng Speaks on Need To Step Up Macroeconomic Control and Regulation"]

[Text] Premier Li Peng said recently that in strengthening macroeconomic control and regulation, it is necessary to pay attention to the following three aspects: First, enterprises must accept the government's macroeconomic control and regulation. Second, they must not negate the usefulness of mandatory plans. Major capital construction items should be gradually examined and approved, while the production scale of some products should be narrowed gradually. Third, it is necessary to resolutely curb the indiscriminate collection and apportioning of fees.

Li Peng also said: To quicken reform, it is necessary to strengthen leadership, and for this reason the government should strengthen coordination to remove obstacles.

Remarks of Vice Premier Zhu Rongji Reported

Views Building Materials Industry

HK2502131492 Hong Kong CHING CHI TAO PAO
in Chinese No 6, 17 Feb 92 p 17

["China Economic News" column article: "Zhu Rongji's Views on Development of Building Materials Industry"]

[Text] Vice Premier Zhu Rongji expressed his views on the development of the building materials industry as follows:

- Last year, the building materials industry made progress with respect to output and returns. It is necessary to continue this and improve production and enterprise management.
- Strengthen technological transformation centered on energy saving. The building materials industry consumes a great deal of energy. If the entire industry can save coal consumption by one third, it will amount to approximately 40 million tonnes of standard coal, which is greatly significant. Energy saving should be considered the central task for the building materials industry. For this reason, loans should be increased for special energy-saving items in the building materials industry.
- Adjust cement exports. Judging from the overall trend, cement and glass tend to have a closer relationship. Total cement exports should be relatively stable and should not increase sharply. It is necessary to lay down strict requirements for the export license system and strengthen quality control.
- Allow the price of cement produced by 14 old cement works to be subject to the market to make way for funds for some technological transformation items.

Gives Opinion on Car Industry

HK2502092492 Hong Kong CHING CHI TAO PAO
in Chinese No 6, 17 Feb 92 p 16

["China Economic News" column: "Zhu Rongji Gives Opinion on Development of Automobile Industry"]

[Text] Recently, Vice Premier Zhu Rongji offered the following opinions on the decisionmaking for the development of China's automobile industry: 1) It is necessary, in light of the actual conditions, to avoid investment peaks and make unified arrangements in developing the automobile industry. 2) Efforts should be made to boost the production of (Iveco) [yi wei ke 0181 4850 2688] cars among lightweight cars. 3) The scope of production of automobile parts and the scope of the building of relevant factories should be appropriate. The stock system can be adopted so that the factories producing main engines and those producing other parts take the risk together. 4) It is feasible to set up a center for designing and producing automobile modules, in order to enhance the capacity for developing and renewing automobile parts.

The relevant department in China will convene special meetings to discuss the plans and measures for implementing those four decisions.

Li Tieying Leads Group Studying 3 Gorges Project

HK2402134392 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 20 Feb 92

[Text] The Three Gorges project investigation group of the State Council educational, scientific, cultural, public health, and sports departments yesterday afternoon held a meeting in Wuchang to listen to our province's reports on problems pertaining to the project. Xu Zhijian, State Council deputy secretary general, presided over the meeting. The Three Gorges project investigation group of the State Council educational, scientific, cultural, public health and sports departments, led by Li Tieying, CPC Central Committee Political Bureau member and state councillor, arrived in our province on the 12th of this month. The investigation group investigated and deliberated in great detail on the project's situation.

On the afternoon of 15 February, Comrade Li Tieying arrived at Tongji Medical University for an inspection. On behalf of the provincial government, Vice Governor Zhang Huainian made a full report to the State Council Three Gorges inspection group. He said: We will actively mobilize and organize people of the province and try our best to contribute to the Three Gorges project. We will, just as we supported Wuhan Steel Plant, Number Two Automobile Plant, Gezhoaba Project, and other such state key projects, take the overall situation into consideration, volunteer for difficult tasks, work hard to provide various services well and strive to help settle residents affected by the project.

Yang Rudai Leads Guangxi Tour; Opening Discussed

HK2602091392 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 24 Feb 92

[Excerpts] Yang Rudai, secretary of Sichuan CPC Committee and member of the CPC Central Committee Political Bureau, led a Sichuan delegation to this region on a study tour 18-23 February.

Regional party committee Secretary Zhao Fulin; Deputy Secretary Cheng Kejie, concurrently chairman of the regional people's government; Deputy Secretaries Liu Mingzu and Ding Tingmo; and Wang Rongzhen, vice chairwoman of the regional people's government, held talks with the delegation.

Leaders of Sichuan and Guangxi, together with related experts, discussed the plan for provinces and autonomous regions in southwest China forming an alliance in opening wider to the outside world and rejuvenating their economies. [passage omitted]

On 18 February, Zhao Fulin and Wang Rongzhen gave the delegation a brief account of the region's economic development. From 19 to 23 February, in the company of Comrades Zhao Fulin, Wang Rongzhen, and persons in charge of the region's relevant departments, Comrade Yang Rudai and his party went to this region's coastal areas and border areas on a study tour. They made investigations in border trade centers in Pingxiang City and Fangcheng Multinational Autonomous County to gain an intimate knowledge of the border trade situation and learned that the total volume of the border trade came to 2 billion yuan last year.

The possibility for Sichuan and Guangxi to make concerted efforts to develop border trade aroused their intense interest. Yang Rudai and his company visited and were greatly interested in the Fangcheng Port, whose annual handling capacity will increase to 10 million tonnes by the end of the Eighth Five-Year Plan from the present five million tonnes.

While in Qingzhou City, the delegation was deeply impressed by the rich natural resources and good transport facilities there.

While inspecting Beihai City, the delegation believed that since Beihai has gradually improved its infrastructures and investment environment and grants preferential treatment to foreign businessmen, it is an ideal place for carrying out cooperation between Sichuan and Guangxi.

In the course of the inspection, leaders and experts from the two sides reached a consensus through discussions on the plan for provinces and autonomous regions in southwest China forming an alliance in opening to the outside world. They maintained: With the development in the international situation and improvement of the relations between China and neighboring countries, the conditions are ripe for southwest China to develop economic relations, trade, and technological cooperation with countries in southeast Asia. It is necessary to seize the opportunity to strengthen the ties between provinces and regions in southwest China, promote opening to the outside world, and stimulate economic development through opening to revitalize southwest China. This is a matter of strategic importance. It is essential for us to have a broad and intensive vision, further free ourselves from old ideas, and take faster steps. The provinces and regions in southwest China are rich in natural resources,

but they failed to take fast enough steps in economic development and opening to the outside world as compared with other parts of the country. Poor transport facilities constitute the biggest restricting factor.

Guangxi is the only autonomous region which faces the sea and borders on foreign countries. It enjoys the geographical advantage of facing countries in southeast Asia and constitutes the best sea outlet for Sichuan, Yunnan, and Guizhou. The Nanning-Kunming railway, when completed, will enable the other provinces in southwest China to build closer relations with Guangxi. Though Guangxi enjoys better conditions for opening to the outside world, its economic foundation remains weak and its level of economic development low. Therefore, to open wider to the outside world, Guangxi has to enlist support from other parts in southwest China, which will serve a powerful backing. No provinces, autonomous regions, and cities in southwest China can develop their economies without the support from the other parts.

In light of the situation, Yang Rudai and Zhao Fulin said that provinces and autonomous regions in southwest China should join hands in opening wider to the outside world and in stimulating economic development. Guangxi should bring into full play its advantages in [words indistinct] and seek support from and serve the other parts in southwest China. We should promote the opening of southwest China through combining provinces and autonomous regions there into an entity and stimulate economic development there through opening to the outside world.

To enable the provinces and autonomous regions in southwest China to form an alliance, promote opening, and open up a pluralistic international market, the leaders from Sichuan and Guangxi have discussed preliminary measures and methods concerned. The two sides pointed out: The key to opening southwest China to the outside world lies in strengthening cooperation between the various sides; what matters is that we should formulate a series of policies favorable to the opening of the border area and economic development in southwest China; and to provide better conditions for this purpose we must step up the construction of the Nanning-Kunming railway and improve infrastructural projects including transport facilities. [passage omitted]

Daily Notes Guangxi Opens Further To Outside

OW2402043592 Beijing XINHUA in English
0303 GMT 24 Feb 92

[Text] Beijing, February 24 (XINHUA)—Southern China's Guangxi Zhuang Autonomous Region has become a focus for investment from Hong Kong and Macao as well as from overseas, the "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

The paper said the region had 958 projects involving foreign funds by the end of 1991. Included are 790 foreign-funded enterprises and 31 international leasing projects.

Drawing support from the reform of the foreign trade system, Guangxi is striving to open international markets.

Last year saw the region export 831 million U.S. dollars-worth of goods, an increase of 14.4 percent over the previous year. Included were goods valued at 78.86 million U.S. dollars exported by foreign-funded enterprises and through compensation trade, up 37.4 percent over 1990's figure.

Guangxi exports to more than 30 countries and regions.

The normalization of relations between China and Vietnam has helped boost the border trade in the region.

The total volume of the region's border trade reached two billion yuan-worth last year, up 1.24 billion yuan over the previous year.

According to the paper, the border trade has not only opened new markets for Guangxi's industrial goods but also alleviated its shortage of raw materials.

At present, Guangxi has border trade relations with 115 Vietnamese trading organizations and production enterprises.

In addition, the region has established 7,785 projects in co-operation with other parts of the country since 1985. These projects have helped the region to make an additional 688 million yuan in profits.

Guangxi is co-operating with neighboring Guangdong and Guizhou provinces and the China National Energy Investment Company to build three hydroelectric power stations with a combined generating capacity of 6.26 million kw and a total investment of more than 10 billion yuan.

While setting up six trading enterprises overseas, the region has contracted for seven foreign aid projects. It has also concluded 51 contracts on construction projects and labor service overseas.

Daily Reports Banks Grant More Loans to Shanghai

*OW2502061392 Beijing XINHUA in English
0535 GMT 25 Feb 92*

[Text] Beijing, February 25 (XINHUA)—Four major banks in Shanghai, the leading industrial center of the country, have decided to grant more loans for the metropolis' economic construction and reforms.

Today's OVERSEAS EDITION of the "PEOPLE'S DAILY" [RENMIN RIBAO] reported that the Shanghai branch of the Industrial and Commercial Bank of China plans to increase the loans by a total of 5.74 billion yuan, the highest amount among the four banks. More than 80 percent of the loans will be used in state-run large and

medium-sized enterprises and state key constructive programs. The bank will also grant more loans for technical improvement, and scientific and technological development. Meanwhile, it will offer special loans for the development of new products.

The Construction Bank of China, which also has the function of managing investment in fixed assets, will loan three billion yuan for a program to produce 300,000 tons of alloy steel rods annually and several other programs of the No. 5 Iron and Steel Plant of the Shanghai Iron and Steel Complex. It will also loan 1.07 billion yuan for the expansion and improvement of the Yanggao highway in the Pudong new area, the construction of the Yangpu bridge and the construction of the broadcasting and television transmission tower in Pudong.

Additionally, the bank will further develop its international financial business in a bid to provide foreign exchange loans for the technical improvement of key projects in Shanghai.

The Shanghai branch of the Bank of China, which specializes in foreign trade and foreign exchange, will offer another 100 million U.S. dollars in loans for the development of Pudong this year. The bank will also put 200 million U.S. dollars of circulating funds for foreign trade, provided by the Bank of China group in Hong Kong and Macao, into the Pudong development. This year the bank will also participate in state-run enterprises' co-operation with foreign partners in terms of joint loans.

The Agricultural Bank of China will offer another 2.5 billion yuan in loans for the construction of basic agricultural facilities, development of special agricultural projects and popularization of agricultural technologies.

Besides, the Construction Bank will continue its efforts to collect public reserve funds and issue bonds for housing construction; and within the year, it will allocate one billion yuan for development of housing construction infrastructure.

Statistics show that last year Shanghai's financial organizations absorbed over 20.04 billion yuan of bank deposits, 15.4 percent up over the previous year. They granted 19.88 billion yuan in loans.

Article Discusses Transnational Operations

*HK2402133592 Beijing RENMIN RIBAO in Chinese
12 Feb 92 p 5*

[Article by Liu Hongru (0491 7703 0320): "From Enterprise Groups to Transnational Operation"]

[Text] China's enterprises have embarked on transnational operation with certain accomplishments since reform and opening began 12 years ago. Some of them have continuously extended their operational realm, based on specialized foreign trade general companies, from operating in import and export trade to overseas

investment, from commodity to monetary operation, with the path of international operation increasingly widened. Others are based on some large enterprises or enterprise groups with large enterprises as their main bodies, starting with their products entering the world market, while beginning to embark on transnational operation.

A Batch of Export-Oriented Industrial Enterprise Groups Is On the Horizon

At present, 440 industrial enterprises have received approval giving them the right to engage in foreign trade operations. China has founded 898 enterprises other than trade enterprises in 94 overseas countries and regions, with Chinese investment exceeding \$1 billion. A number of export-oriented industrial enterprises with the proportion of exports exceeding one-third of their output or enterprise groups with such industrial enterprises forming their main bodies have directly participated in competition in the world market, while unfolding overseas marketing by taking the initiative in their own hands; others have already initiated joint ventures overseas, with inspiring momentum in their rise. Comparatively conspicuous is Nantong Machine Tool Joint-Stock Company Limited (Group), which turns out millers in various categories in the main with fixed assets of 65 million yuan; despite its insignificant scope, its exports have increased by a wide margin in recent years. In 1990, it produced 3,051 millers, of which 2,277 were exported, bringing in \$10.03 million in hard currency, with export accounting for 74 percent of output. Wanbao Electrical Appliances Group developed products marketable on the world market, while doing a good job of certifications for exports, with Wanbao refrigerators and other products acquiring certificates from the United States, Canada, Saudi Arabia and Australia, and a sharp rise in their export. In 1990, the company exported 185,000 refrigerators, accounting for approximately 89 percent of exports in this category nationwide. Shanghai Shenda Textile Garments (Group) Company turns out high-grade products in the main, with 80 percent of its products being for direct or indirect export, and brought in \$66.66 million in hard currency in 1990. Shoudu Iron and Steel Company had the capability for not only organizing export of whole-range equipment, but also purchasing and controlling a world-famous rolling mill design company. Jinan No. 1 Machine Tool Plant has brought in hard currency with an average annual increase rate exceeding 30 percent over the past 10 years, and brought in \$20.97 million in hard currency in 1990, accounting for two-thirds of its output value. In addition, there are a number of enterprise groups engaged in foreign trade on their own, including Baoshan Iron and Steel Company, Shenzhen Saige, Panda Electronics, Great Wall Computer, Lianxiang Computer, Northwest No. 5 Cotton Mill, and Hongda Textile Machine-Building.

Existing Problems of Industrial Enterprise Groups in Transnational Operation

Enterprise groups with specialized foreign trade general companies as their main bodies have their traditional advantages in implementing internationalized operation, especially their comparative resourcefulness in the usual practice in international economic and technological trade as well as the law governing the changes in the world market, and a number of qualified people, who have long experience in world economic and trade relations. Their shortcomings lie in the lack of powerful production backing, the dovetailing between industry and trade being restricted by various factors, and their relations not being smooth enough. Regarding the large industrial enterprises and enterprise groups with large industrial enterprises as their main bodies, their advantages lie in their production capabilities, technologically qualified people, and providing goods with competitiveness in the world market. However, because of the long-standing effects of the traditional highly centralized planned economic structure, these production enterprises call for a process of getting familiar with the world market before they are able to directly participate in competition in the world market. This being the case, in implementing transnational operation, the surfacing of some problems is inevitable:

First, there is the problem of lacking experience, with incomplete and imperfect means, and lacking a good grasp of international practice in economic and trade relations. Regarding the bulk of enterprises whose products have already entered the world market, they do not have their own marketing and service networks, and have to rely on middlemen to a large extent. Even those enterprises that have already founded operational windows and made investment overseas, their efficiency has been universally low for lack of practical experience in transnational operation, knowledge of local laws and customs, power and means to unfold operation in a comprehensive way, and corresponding qualified people in management and operation. Some of them have even been cheated by the local people they employed, resulting in certain losses. Still others were not strict in administration, resulting in the draining of state assets.

Second, their lack of say in matters of spending overseas funds and overseas investment projects has affected giving play to the advantages of enterprises that have capabilities for transnational operation. For example, such enterprises as China Ocean Shipping Company and Shenzhen Saige Group have fine reputations overseas, and foreign monetary organs are willing to provide them with loans or mortgage loans. However, because of stipulations in related state policies and structural restrictions, the enterprises cannot make use of such operational means, which is international practice, to utilize overseas funds to extend their operational realm and gradually take the road of transnational operation.

Third, some large industrial enterprises or enterprise groups with advantages in production and operation at

home have no say in the operation of foreign economic relations and trade. For an enterprise to realize transnational operation, the most important point is to include such operational areas as import and export trade, running enterprises overseas, contracting projects overseas and exporting labor service, while building a powerful financial backing with commodities and projects as the base. However, some large enterprises and enterprise groups have no say in these matters, especially sufficient say in foreign trade operation; this being the case, it is out of the question for them to fully utilize the resources at home and overseas, the home and overseas markets, and domestic and foreign funds to give full play to the advantages of their production capabilities, while converting such advantages to powerful competitiveness in the world market.

Fourth, the advantages of foreign trade enterprises operating overseas have not been well linked to those of industrial enterprises at home in production and technology, the relation between industry and trade has not been entirely ironed out, and the condition of each going its own way remains universal. Special attention should be paid to this. In the world market, those transnational companies with the greatest strength usually link industry and trade; some of them combine industry and trade in one; others link industry to trade; still others combine science, industry, trade and banking together. If China's enterprises or enterprise groups are to take the road of international operation, it is imperative to study how to further iron out the relation between industry and trade on a realistic basis.

Generally speaking, the surfacing of the aforesaid problems results from causes within the enterprises themselves; lack of practical experience; in particular, incomplete and imperfect economic policies; and failure in the economic administrative structure and foreign trade restructuring forming a whole range. All this has restricted the transnational operation of industrial enterprises or enterprise groups. It should be fully affirmed that great accomplishments have been scored in foreign trade restructuring over the past few years; they have pushed forward foreign trade development and created certain conditions for the transnational operation of industrial enterprises and enterprise groups. If we take further measures in policy and structure, the situation in which industrial enterprises with advantages, especially enterprise groups, unfold transnational operation will increasingly improve.

Some Problems of Enterprise Groups Awaiting Solution in Realizing Transnational Operation

At present, to push enterprise groups to unfold transnational operation, the most important thing is to resolve the following problems in policy and structure.

First, it is necessary to endow enterprise groups with sufficient say in foreign trade operation and necessary

say in foreign affairs, mainly, the right to manage themselves in foreign trade; simplified procedures for examining and approving commercial workers going abroad; and the say in foreign affairs, including sending invitations to foreign businessmen, organizing delegations to go abroad for visits and talks, initialing contracts and answering invitations to bid overseas. These are the most fundamental aspects of autonomy that enterprise groups should acquire to realize transnational operation.

Second, new and powerful policies and measures should be formulated so that enterprise groups will enjoy a certain say in spending funds overseas and decision-making power regarding overseas investment. Viewing the present conditions, enterprise groups that have advantages in competition overseas can hardly accomplish much because of lack of autonomy in these two aspects. This being the case, the state should augment macrocontrol to prevent losses resulting from loss of control in the spending of overseas funds and investments on the one hand; on the other, there must be some specific policies and measures to improve existing measures in examining and approving the spending of overseas funds and overseas investment so that enterprise groups will have conditions to enter the world market to realize internationalized operation.

Third, it is necessary to link the advantages of foreign trade enterprises to those of industrial enterprises to form a combination with advantages for participating in international competition.

The key to resolving this problem lies in the need for foreign trade enterprises and industrial enterprises to handle their interest relations well. The effects and vitality of foreign trade enterprises depend on whether or not they have appropriately resolved their interest relations with industrial enterprises, whether the relation is one of purchasing from industrial enterprises, acting as their agency, or joint operation. If the interest relations are not handled well, the dovetailing between industry and trade will not be smooth, and such phenomena as each going its way, establishing duplicated offices, and duplicating investment will surface. Therefore, from the angle of reform, the implementation of joint-stock companies combining industry and trade is a rather ideal choice to make China's enterprise groups genuinely take the way of international operation, transnational companies that enjoy a good name by creating highly famous products in the world market.

Here we must stress that transnational operation aims at the formation of industrial enterprises or enterprise groups to develop specialized cooperation and economies of scale through organizing a group production system to improve product quality and lower production costs and improving the capability of assuming sole responsibility for profits or losses; through organizing the structure of parent-subsidiary companies to beef up investment strength, improve capabilities for the development of qualified people, technology and products to realize development on one's own as quickly as possible;

and through continuously increasing economic strength to gradually form the capability for marketing operation, investment and running factories overseas on one's own. The improvement of all these capabilities must have domestic backing, with the world market being the subject. Without such vision, courage and resourcefulness, internationalized transnational operation can hardly be effective.

QIUSHI on Developing Enterprise Groups

HK2602091792 Beijing QIUSHI in Chinese No 1,
1 Jan 92 pp 26-30

[Article by Sun Xiaoliang (1327 2400 5328): "Probing Ways To Develop Enterprise Groups"]

[Text] In the course of developing enterprise groups, certain problems on theory, guidelines, and policy have appeared. These need to be discussed seriously to attain a common understanding and to ensure the healthy development of enterprise groups.

Special Functions of Enterprise Groups

The reason we need to develop enterprise groups is because the formation of an enterprise group by a number of enterprises will generate special functions which a single enterprise or a loose combination of enterprises does not possess, thus solving many of the actual problems in our economic life.

1. Enterprise groups facilitate readjustment of the enterprise organizational structure, leading to readjustment of the product and industrial structures. Enterprise organizational structure currently faces two big problems: First, the enterprises are either large and comprehensive, or small and comprehensive, but their level of specialization is low, and second, between the various localities there is scattered and duplicated production of the same kinds of product and rational economic dimensions cannot be achieved. These two problems have adversely affected the enhancement of economic effects. To solve these problems requires adopting measures from many sides and the development of enterprise groups is one of them.

2. Enterprise groups push the rational movement of the essential elements of production and bring the role of existing assets into full play. The situation regarding allocation and distribution of existing assets is as follows: The coexistence of insufficient production ability in some enterprises and insufficient production tasks in others and the coexistence of a large quantity of idle assets and a general duplication of construction. To solve these problems, it is necessary to set the existing volume of assets in motion. Contracting, leasing and hiring, amalgamating, sharing control, and sharing participation among the enterprises are all effective measures in setting the existing volume of assets in motion and the development of enterprise groups can comprehensively utilize these measures and push the rational movement of the existing volume of assets.

3. Enterprise groups make possible the actual realization of the integration of scientific research and production and the rapid commercialization of the fruits of scientific research. For a prolonged period, many enterprises have lacked sufficient ability to develop new products and have not been able to satisfy market needs. At the same time, many scientific research organs and large specialized institutes of learning, though possessing sufficient strength in scientific research, have had inadequate assigned tasks and have been unable to make full use of their capabilities. Development of enterprise groups makes it possible to closely and concretely link the two together and greatly shortens the procedure for commercializing the fruits of scientific research.

4. Enterprise groups form complete and integrated strong points, safely occupying a place in the international market. China's commodity exports have grown rapidly in recent years but certain problems still exist, such as an unstable market and the high cost of foreign exchange earnings. Development of enterprise groups can form complete, integrated, and strong positions. Not only can they reduce production costs but they also help in stabilizing the place occupied in the international market, serving ultimately as the "national team" in competition with the world's strong nations.

5. Enterprise groups enhance the degree of centralization of the enterprise structure and provide conditions for strengthening macroeconomic regulation and control. At the moment, there are many causes of people's dissatisfaction with the poor effects of macroeconomic regulation and control. Of the causes, an important one is the overly high degree of looseness in the enterprise organizational structure and the lack of centralization. Forming enterprise groups, with large enterprises serving as the center, and joining together a large number of small and medium enterprises, helps raise the effectiveness and degree of flexibility of macroeconomic regulation and control.

The five points above denote the role of enterprise groups and the purposes of their development. They are also the criteria for whether or not a good job has been done in the formation of enterprise groups. With a number of enterprises being joined together to form an enterprise group, it can display the abovementioned functions. This is determined by its innate mechanism. The functional mechanism independently owned by the enterprise group consists of four effects at two levels.

First, at the production coordination level, the main manifestations are the organizational effects and the dimensional effects. Organizational effects are built on the basis of the enterprises' strong points helping and complementing each other. According to the theory of the study of organizational effects, under ordinary conditions each and every enterprise has its own strong points and all people hope to obtain positive effects from the strong points and avoid the negative effects from the weak points. So far as a single enterprise unit is concerned, there is no way to realize these wishes but, if a

number of enterprises join together and form an enterprise group, then the positive effects produced by the strong points of one enterprise may be used to counteract the negative effects produced by the weak points of another enterprise, creating a situation whereby the strong points and weak points of different enterprises offset each other. For example, between the strong points of a scientific research unit's ability to develop products and the strong points of the manufacturers ability of production enterprises; between the strong points of the market's ability to open up and the strong points of production ability; between the strong points of coastal area locations and the strong points of border region resources; and so forth, the possibility of their complementing each other extensively exists in real life. The only question is how people make use of the strong points. If they are used well, it would then be possible, on the basis of mutually complementing strong points, for the single enterprise unit to obtain what it had previously been denied.

Dimensional effects are built on the basis of the specialized division of work in a number of enterprises. According to the theory of dimensional economics, production of any kind must attain certain fixed dimensions, called economic dimensions, before it can accomplish the double feat of lowest production costs and best effects. After technological progress, the degree of specialization in production is steadily increasing. Not only can all production achieve economic dimensions but there is also the possibility of centralizing the separate parts of products, of more or less similar structure or craft, into quantitative specialized production. This will enable the production of separate parts to achieve rational economic dimensions, thereby lowering the cost of production and enhancing the effects. Development of enterprise groups, particularly transregional and transdepartmental ones, is beneficial to centralizing production, developing specialized cooperation, and achieving maximum dimensional effects.

A major aim in our development of enterprise groups is to obtain the highest level of funds use to achieve extended effects and complete, or consolidated, effects. Extended effects are built on the basis of participation in shareholding and the control of shares. Nucleus enterprises in enterprise groups, on achieving control of shares through investment input in shares of other enterprises can, in reality, control and use the entire assets of the enterprises whose shares are under their control. The total amount of such assets can be several times, or several tens of times, the amount investment by the nucleus enterprises in the enterprises concerned. This is a concrete illustration of the extended effects of employing funds and is also a type of effect possessed specially by enterprise groups. As for complete or consolidated effects, they are built on the basis of unification of scattered funds. Centralizing funds scattered among various enterprises, and using them according to the unified development plan, has the following beneficial effects: First, effective use of funds, enabling a fixed

amount of funds to be used where most effect can be produced; second, funds can be used at the most suitable time, when the most effect can be produced; and third, reduction of risks. Enterprise groups can invest in different kinds of products, and even in different industries, realizing the condition whereby "if investment is not needed in the east, they can invest in the west." This will greatly reduce investment risks.

Basic Special Features of Enterprise Groups

If enterprise groups play a role of such importance, why then have some of them failed to display their roles? The reason is that these are only so-called "enterprise groups" and, in reality, they are not enterprise groups because they do not possess the basic special features of enterprise groups.

Enterprise groups differ from single large enterprises, or enterprise combinations, in various aspects. Their basic special features are:

1. Each and every enterprise group must be formed by a number of independent enterprises. The nucleus enterprise and constituent enterprises of an enterprise group are all independent enterprise legal persons and the enterprise group is the combined body of these legal persons. Hence, an enterprise group is in no way the organized form of an enterprise but the combined form of a number of enterprises; it is not an economic entity, but a combined economic entity.
2. An enterprise group must have many layers in its organizational structure: First, the group nucleus, that is, the group company in the nature of a parent company; second, the close, or inseparable, layer formed by dependent companies whose shares are controlled by the enterprise group; third, a semi-close or semi-inseparable layer formed by the enterprises whose shares are held by the group company; and fourth, a loose layer, formed by the relevant enterprises which recognize and accept the group's regulations and which possess stable and preferential cooperative relations with the group company and the close and inseparable layer. If there is only a group nucleus and no other layers, then it is not an enterprise group, but only a large enterprise; if there is the group nucleus and the semi-close or semi-inseparable layers and the loose layer, but no close or inseparable layer, this also is not an enterprise group, but merely a loose enterprise combined body. Possession of the two foregoing layers, that is, possession of the special features of the organizational structure of an enterprise group, is the "necessary condition," only when this has the last two layers can the enterprise group play its larger role, constituting the "full condition."
3. Enterprises forming an enterprise group must have a definite link, to be combined together to form an organic whole. The combination link between the group company and enterprises of the close and semi-close layers is

in the assets, realized through share control and shareholding. The combination link between the group company and loose layer enterprises is in the contract, including the legally effective contract, agreement, regulations, and so forth.

4. There must be a nucleus which can play the guiding and leadership role. This nucleus can be a production or circulation enterprise, or a share controlling company, but it must: Qualify as an enterprise legal person; not be an administrative company; have great economic strength, including strength in assets and funds; possess the functions of an investment center, that is, capable of unifying the planning of investment activities; have the power of unified employment of funds; and, preferably, possess a definite amount of funds subject to its own disposal and control. Only through possession of these conditions can the nucleus enterprise play the guiding and leadership role in the enterprise group.

Summing up these four basic special features, an enterprise group may be defined as a combined body of legal persons with many layers which takes an enterprise of great economic strength as the nucleus and joins together many enterprises by means of the linking mechanism of assets and agreements. It can be seen from these four enterprise group special features that the group company is the nucleus of the enterprise group and is not equivalent to the enterprise group itself. The group company is an enterprise legal person whereas the enterprise group is the combination of a number of legal persons. The group company has its own independent properties, whereas the enterprise group does not have any properties independent of the nucleus enterprise and the member enterprises. The formation of the group company must go through the process of registering enterprise legal persons but an enterprise group does not need to go through this process.

At present, the great majority of enterprise groups are formed using the method whereby the relevant government departments, acting as representatives of the owners, delegate power to the nucleus enterprise to manage a number of member enterprises but the assets relationship of shareholding and share control has not yet been established. Under such conditions, as a sort of transitional measure, the enterprises under the unified control of the nucleus enterprise can be considered as the member enterprises of the close or inseparable layer to perform the unified work on the following six counts: Unified development planning, unified responsibility of value conservation and value increment of state assets, unified contracting from the above, unified borrowing and repayment of specialized loans, unified external economic activities, and unified appointment and dismissal of principal leadership cadres. Unified management and handling by the nucleus enterprise in these six aspects generally seems to resemble how a parent company should control the affairs of dependent companies. Hence, it is supportable through reason and also feasible in actual practice.

At present, an actual problem still remains, namely, the fact that among the existing enterprise groups, quite a considerable number actually do not possess the necessary conditions. What should be done? Relevant government departments have already advocated a clear guideline against this state of affairs. It is the adoption of the method of "separately treating the two different sorts of conditions."

One set of conditions refers to those which need to be objectively developed into enterprise groups, in which case they should be improved, enhanced, nurtured, and cultivated to maturity. In developing enterprise groups, first of all, there must be objective needs, that is, the need to solve the actual problems in economic development, including the need to: Readjust and ameliorate the structure, accelerate the movement of the essential elements of production, integrate science and technology with production, enhance competitive power in the international market, augment macroeconomic regulation and control, and so forth. The needs on any one of these sides can be evolved into the formation of enterprise groups. Next, it is necessary to actively carry out improvement and enhancement. Generally speaking, enterprise groups are still in the initial stage. It is unavoidable that they do not fully possess the necessary conditions but improvement must be actively pursued so that they can gradually attain the necessary conditions. Cultivating enterprise groups to maturity must go through a procedure. Governments at various levels, and various sectors of society, should devote great care to the development of enterprise groups, encouraging their self-growth and not, literally speaking, trying to "help their shoots grow by pulling them upward" which will only spoil matters.

The other set of conditions is that, objectively, there is no need for the development into enterprise groups. This refers to those which objectively do not need to be developed into enterprise groups but may assume whatever name according to the nature of their structure and composition. This guideline embraces two important points: First, we must not preclude the existence of other kinds of enterprise combination structures besides enterprise groups and, second, we must not indiscriminately mix other kinds of enterprise combination structures with enterprise groups. There are many forms of enterprise combination structures and the enterprise group is just one of the higher forms. All the other forms of enterprise combination bodies have their own separate roles and hence they can exist and develop at the same time as enterprise groups. However, it must be made clear that not all enterprise combination bodies are enterprise groups, nor do all of them need to develop into enterprise groups and display the great role of enterprise groups in the future. In particular, regarding the unified use of funds and other functions such as readjustment of the economic structure and so forth, they are outside the capacity of loose combination bodies without the existence of a close or inseparable layer and we cannot expect or demand that they perform such roles.

For a considerably prolonged period of time to come, it will be necessary to organize enterprise combination bodies in various forms for the purposes of carrying out such activities as: Interchanging news and information within the same trades and industries, joint supplying and selling by related enterprises, unifying exports for the same industries and trades, joint developing of new products by related enterprises or business units, stabilizing cooperative relations between related enterprises, chipping in technological know-how, and so forth. Their development should be supported so long as this benefits production development and enhances economic effects. As for their names, they can be called jointly-run or joint companies and may also be called enterprise combination bodies.

How To Develop and Improve Enterprise Groups

Under the present conditions in China, development of enterprise groups may be carried out through the lateral combination of enterprises or organized directly by the government. Of these two methods, each has its strong points and limitations. In developing enterprise groups on the basis of enterprise combination, a principal mechanical plant can be taken as the nucleus and enter into combination at different levels with cooperative plants, thus forming an enterprise group; alternately, a financially strong share controlling company may be taken as the nucleus which then controls, or holds, the shares of related enterprises to form an enterprise group. By so doing, the strong points are that we can proceed from the actual needs of enterprise development and effect combination according to objective laws. However, the limitations are that because of the restrictions of the existing system, it is comparatively difficult to form a close or inseparable layer. In direct formation of enterprise groups, the government can act as the representative of the owners and set up a company as the nucleus enterprise over and above the number of enterprises; government can then delegate power to the nucleus company to exercise unified control and management of the principal production and business activities of the member enterprises, or it may reorganize the original administrative and management organ or administrative company into the nucleus enterprise of the group to exercise unified management and control over the principal production and business activities of the subordinate enterprises. The strong point in so doing is that it is easy to form a close or inseparable layer, but the weakness is that the regional limitations cannot be exceeded, it is easy to generate willful wishes of a subjective character, and frequently there remains a dense administrative atmosphere.

Regarding these two methods of developing enterprise groups, we cannot simply select one and reject the other. We must come to understand their respective strengths and limitations, weigh them individually, and make an appropriate choice. To prevent acting arbitrarily, it is necessary to firmly insist on the principle whereby the nucleus enterprise must be involved in, and in agreement

with, decisions taken regarding the enterprise. To prevent its turning into an administrative organ, the nucleus enterprise should not be allowed to shoulder government functions of control of the industries and trades but should be made to bear the economic responsibility. When undertaking the contract system, the nucleus enterprise should undertake an overall and general contract with government, while enterprises of the close or inseparable layer should take up subcontracts, not directly taking contracts from government. Administrative and management relations between the nucleus enterprise and member enterprises should gradually change to economic relations.

Aside from appropriately developing a number of new enterprise groups according to needs, great efforts should be devoted to improving and enhancing existing enterprise groups so that they can display an even greater role. In this connection, the following lines of work should be done properly:

1. Expanding and augmenting the group's nucleus. This principally calls for expanding and augmenting the economic strength of the group's nucleus enterprise. Based on different conditions, the measures taken can be in the nature of administrative combination, enterprise merging, and combination using stocks and shares. The following problems can be encountered in this category of work: 1) The "team" problem; which enterprise leadership team should be taken as the leadership of the new enterprise? Actual practice has shown that a relatively good method is to dismiss the existing leadership first and make new appointments based on the cadres' conditions. 2) The "flag" problem; which enterprise's plant name should be used? A relatively good method is "wholesale lowering of the banner," not using the name of any of the old enterprises but a new name entirely. 3) The "brand" problem; which enterprise's product trademarks should be used? A comparatively good method is to select the best for use. So long as the trademarks have good reputations and have a market, they should all be retained, while those with neither reputation nor market should be discarded. Using the administrative combination method in expanding and augmenting the group nucleus is only suited to enterprises under the system of ownership by the whole people and, moreover, these enterprises have a common representative of the owners. If the enterprises are under different ownership systems or, though under the system of ownership by the whole people, are nevertheless subordinate to different departments or localities, then, frequently, it may not be workable because of the conflict of interests. Under such conditions, we can resort to the method of using the stock and share system. That is, the representatives of the relevant enterprises use their separately-owned assets as share investments and generally form a financially strong shareholding company with the legal persons holding the shares. This shareholding company is to become the nucleus of the enterprise group. By so doing, there is a breakthrough of the limitations of departments and the ownership system and this can also coordinate

the interests of the relevant sides. Besides, there is no necessity to make a large investment of cash.

2. Developing the close or inseparable layer. According to actual experience in current practice, the following methods can be adopted in developing the close or inseparable layer: Administrative transfer, whereby government, acting as the representative of the owners, designates the transfer of certain state-owned enterprises to the control of the nucleus ownership enterprise in the enterprise group, empowering the nucleus, and later the nucleus enterprise, to exercise unified control and management of major operation activities. In adopting this method, it is necessary to carefully weigh the pros and cons, be adaptable to the objective laws, and prevent subjective rashness. Furthermore, the nucleus enterprise can make use of its legal person status to merge the relevant enterprises while retaining their legal person status, remaining independent enterprises and, like dependent companies, becoming constituent members of the close or inseparable layer of the enterprise group. Adopting the merging method rather greatly contradicts the existing system since, according to the existing system, fixed assets investment targets, credit and loan targets, labor force targets, and targets of total amount of wages, are all determined, level by level, according to localities. For an enterprise in Province A to amalgamate with an enterprise in Province B, it would be difficult to enforce these targets. To overcome these difficulties, we can adopt the method of the nucleus enterprise making use of its legal person status to contract for, lease, or hire other enterprises. During the contracting, lease, or hire period, production and operation will be on a unitary or unified basis, very much as in the close or inseparable layer and, besides, this will be in liaison with the existing system. In addition, other methods may be adopted, such as investment in shares, even control of the shares and, and post-contracting, post-lease, and post-hire control of shares.

3. Augmenting the combination link. This refers principally to strengthening the assets combination link, a stage of key importance in the procedure for improving and perfecting enterprise groups and also a most difficult task. We can select from the following several measures. First, the nucleus enterprise and other legal persons put up funds to form a new enterprise which, from the beginning, will be organized into a limited company with the legal persons holding the shares. When the amount of shares held by the nucleus enterprises is sufficient for share control, the company will then become a dependent company in the close or inseparable layer of the enterprise group; when it is still insufficient for share control, it will merely be a shareholding company of the nucleus enterprise, in the semi-close or semi-inseparable layer. Second, the group nucleus enterprise invests in the shares of enterprises in the close or inseparable layer, gradually employing the assets combination link to replace the production and operation link originally built on the basis of the administrative delegation of power. Many enterprise groups have started doing this but,

because of the limited amount of funds available for investment, a rather long period of time will be required to attain the stage of share control. In the intervening period, there may be the coexistence of both kinds of combination links. Third, the mutual exchange of shares in equivalent amounts, when the nucleus enterprise does not have sufficient funds to buy the shares of enterprises in the close or inseparable layer to meet the requirement to hold the power of share control, substitutive method whereby the nucleus enterprise and the enterprises in the close or inseparable layer exchange shares of equal amounts and also mutually invest in each other's shares in equal amounts. In reality, this involves the procedure of a reorganization of the ownership rights. Through this, the nucleus enterprise and the component enterprises have established the relationship of parent and dependent companies and augmented the assets combination link. Fourth, delegating power to handle or operate state-owned assets. That is, power is delegated to the nucleus enterprise to handle and operate the state-owned assets of the member enterprises of the close layer, enabling the attainment of the qualification of being the share-right representative of the member enterprises.

Funds Earmarked To Upgrade Steel Industry

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24 Feb 92 p 1

[By staff reporter: "Steel Firms To Upgrade Production Technology"]

[Text] Obsolete technology still used in many of China's major steel plants will be replaced with modern equipment and production of low-grade steel will be restricted in order to meet the country's growing demands for high-quality steel.

Major steelmakers at a national conference on steel products now being held in Shanghai agreed to the plan put forward by the Ministry of Metallurgical Industry.

Qi Yuanjing, minister of the industry, told the conference that the central government has earmarked a total investment of 7.2 billion yuan (\$1.33 billion) this year on capital construction for new plants for major steelmakers.

It will put another 6.38 billion yuan (\$1.18 billion) into technological renovation of their worn-out machines, Qi said.

And starting this year, plants will be restricted in their output of low-grade steel products, which aren't selling well at home and have been exported at a low profit margin to Third World countries, according to a XINHUA report. It takes nearly as much energy to produce low-grade steel as high-grade steel, but the low-grade products are not as profitable.

China's steel output, which hit a record 70.6 million metric tons last year, is expected to reach 80 million tons by 1995.

Stockpiles in 1991 stayed well above 20 million metric tons. However, the country will continue to import a few million tons of high-grade steel products a year to satisfy the needs of its manufacturing and construction sectors, officials said.

Last year, steel imports totalled 3.6 million metric tons, most of which came from Japan. Officials expect steel imports to grow this year, following a rebound in the country's capital investments.

During the overheated construction boom of 1985, China imported 20 million metric tons of steel—a historic record.

While such a hectic pace is not expected to rev up again, government officials in two key ministries predict a steady rise in both imports and exports of steel in the coming years as the country's economy keeps growing and the steel industry steps up the upgrading of its products.

Last year, China's steel exports hit 2.8 million metric tons, twice that of the previous year. But most of them were low-grade steel.

Since the country is still short of certain steel products, officials have advised steelmakers and exporters not to seek extra profits by exporting the high-grade varieties much needed at home and importing those already overstocked domestically.

All steelmakers are State-owned, and they must supply a quota of steel to the State each year. But as part of reforms to give State enterprises greater independence, they may sell the rest to buyers of their choosing.

The government has taken action to introduce foreign production line and investment to augment the output of high-quality steel.

The Ministry of Materials and Equipment, the government's coordinator of basic materials supply and demand, is expecting marginal growth of steel imports this year, following a four-year decline since the government's austerity programme began in 1988.

Now that the clampdown on spending is over, many previously postponed capital construction and technological renovation projects are set to re-start, ministry officials said.

In another development, the Beijing based Capital Iron and Steel Complex, one of the country's top steelmakers, has announced the launching of an overseas business drive aimed at squeezing itself into the world's top 500 companies. The complex is sending a business delegation to India, Thailand, Malaysia and the Philippines to discuss cooperation on some 20 proposed projects involving hundreds of millions of dollars in investment.

Foreign Firms To Aid Onshore Oil Development

HK2302044392 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 23 Feb 92 p 1

[By Wen Min: "Foreign Oil Rigs Hired for Drilling in S. China"]

[Text] China will take bold steps to draw in more investment and technology from foreign oil companies to hasten onshore petroleum development in South China.

Concrete measures and preferential policies are being made and will be in place next year.

The measures and policies, which will promise foreign firms greater access to profits in cooperation with Chinese, aim to accelerate petroleum development in South China.

Part of South China's 1.8 million square kilometres of land will be designated for joint efforts with overseas firms in petroleum prospecting and development.

South China, consisting of 11 provinces and autonomous regions, has vast areas that are believed to contain oil and natural gas.

About one-fifth of China's onshore oil reserves are verified to be in the south, but oil output there constitutes only a 10th of the country's total.

That means large reserves in South China remain to be developed and, as Hu Nairen, chief engineer with the Guangzhou-based China National Oil Development Corporation, said, "Foreign petroleum developers will be given wings there."

China's oil is mainly produced in the northeast and central regions, and the western region, including Xinjiang Uygur Autonomous Region, is expected to become the country's major production base in the future.

South China will also be developed into a major oil production base and experts called it the "third resource region," after the northeast and central regions.

Chinese also peg great expectations on petroleum development in South China because the area had been for decades short of energy resources.

"We need funds and technology from overseas companies to accelerate petroleum prospecting and development there," Hu said.

To hook up with more overseas firms, the development corporation will send teams abroad. It is training its staff to deal with foreign companies.

The corporation expects to sign several contracts with overseas firms this year and Hu said progress has been made in business talks.

Their wish for foreign investment and technology will be met, Hu believes, since the investment climate in South China is better than in other parts of the country.

The corporation signed three contracts with foreign oil firms in the past two years. Two were on petroleum risk-prospecting and the other on geological structure studies.

The foreign partners include the Shell Oil Company from Britain, the Santa Fe Energy Corporation, and the Energy Development Company from the United States, and the Petrocorp from New Zealand.

According to the contracts, risk-prospecting will be conducted in two basins, one covering 15,900 square kilometres and the other 14,400.

Cheng Shouli, president of the China National Oil Development Corporation, said more than 10 foreign companies contacted his firm last year.

Foreign Trade Transport Volume Figures Cited

HK2402153292 Beijing ZHONGGUO XINWEN SHE
in English 1436 GMT 24 Feb 92

[Text] Beijing, February 24 (CNS)—The transport volume of foreign trade imports and exports through sea, land and air ports within the country registered 230 million tonnes last year, accounting for 122.7 percent of the planned target set for the year. Ports have tended to play an increasingly important role in promoting economic development and the exchange of personnel.

China's foreign trade posted total exports of 130 million tonnes and gross imports of 160 million tonnes, indicating a rebounding of the import volume.

More Inland, Border Ports To Be Opened

OW2402141492 Beijing XINHUA in English
1144 GMT 24 Feb 92

[Text] Beijing, February 24 (XINHUA)—China this year will open more ports to foreigners, according to the general office of port leading group under the State Council here today.

A senior official from the office said that they include border ports located in China's northeast province Heilongjiang and south province Guangdong, together with several inland ports along the Yangtze River and airports in interior provincial capitals.

The office has required local governments, which will administrate the ports, to work out plans regarding investments, equipment and personal affairs, as the first step.

According to the office, the central government last year was asked by local officials to open an additional 52 ports, including 34 border ports. "Preparation work has been well done by the State Council and local governments," he added.

In 1991, China approved the opening of an airport in Hohhot, the capital of the Inner Mongolia Autonomous Region, the Dongshan Sea Port in Fujian Province, and three river ports along the Yangtze River, which are Wuhu, Jiujiang and Wuhan.

China has also agreed to open border ports between its neighboring countries such as Mongolia, Vietnam and Russia. According to the agreements signed last year, a total of 68 ports are to be opened between them.

By the end of last year, the State Council had approved the opening of a total of 151 ports in China.

Tourism Industry Development, Prospects Viewed

Wu Xueqian Addresses Conference

OW2502195392 Beijing XINHUA Domestic Service
in Chinese 1304 GMT 25 Feb 92

[By reporter Chen Yun (7115 5366)]

[Text] Beijing, 25 Feb (XINHUA)—Vice Premier Wu Xueqian pointed out at the national tourism conference today that China's tourism industry should emancipate its mind even further in using foreign capital and open the industry even wider for foreign investors so as to achieve faster growth and turn China into a major tourism country quicker.

Wu Xueqian said: After working hard for two and one-half years, China's tourism industry has now stopped its downward slide. It even achieved a significant breakthrough and set records in reaching its major economic targets in 1991. The new issue confronting us today is how to maintain the momentum of developing tourism.

He said: China has rich tourism resources, and many people also want to come to China for sightseeing. But our resources have yet to be developed. The problem today lies in our country's limited financial resources, and so it is not likely the state will invest a great deal of money in developing tourism for some time to come. This being the case, speeding up the development of tourism with foreign capital is a practical solution. Since international tourism is an international operation in the first place, we should try to bring in more foreign capital from countries the world over. In this way, not only can we solve the problem of capital shortage, but also we can bring in more tourists from overseas and improve the management and service of our tourism industry.

Wu Xueqian said: We used to spend foreign capital on building hotels. On the whole, hotel construction has played an important part in tourism development. From now on we should broaden the scope of using foreign capital. We can also use foreign capital for developing tourism resources, building tourist facilities and scenic areas, and undertaking all forms of joint ventures.

However, Wu Xueqian stressed that since the idea of broadening the use of foreign capital in tourism development is a new one, the project should proceed step by step after some experiences have been obtained from tests in selected areas. He said: To guard against rashness, feasibility studies should also be conducted on developmental projects. We can conduct experiments in some places that have vacationing and sightseeing resources and communications services and then popularize the useful experiences.

In conclusion, Wu Xueqian urged tourism departments to do all they can to make 1992 a successful year for promoting friendly visits to China so that people the world over will understand China better and so that more friends will come to visit China. Wu Xueqian particularly stressed the need to improve the image of China's tourism service by beginning with stopping all kinds of unhealthy phenomena in tourism. He called for strict measures to ban gambling and prostitution, combat corruption, and do business with ethics unique to a socialist society.

'Roundup' Sees Post-1989 'Revival'

OW2502153792 Beijing XINHUA in English
1429 GMT 25 Feb 92

[Roundup: "China's Tourism Industry Entering Golden Age"]

[Text] Beijing, February 25 (XINHUA)—China's tourism industry made rapid developments in 1991, with over 33 million overseas tourists visiting the mainland, 5.2 percent more than the record number in 1988.

In the same year, tourism brought about 2.84 billion U.S. dollars of hard currency to the country, 28 percent more than the previous year. 300 million domestic tourists spent 20 billion yuan (about 3.65 billion U.S. dollars).

The revival of the country's tourism industry from its set-back in 1989 has hence restored confidence in the industry's administrators.

Chinese experts believe that China will grab a bigger share of the world's tourism industry since its improvements are coming just as world tourism in general is on the decline.

Furthermore, China is well known for its long history and rich resources for tourism as well as the constant improvement of the country's tourism facilities and administration and management.

Local governments at all levels have regarded the industry as part of their efforts to carry out the policies of reform and opening to the outside world.

At present, the National Tourism Administration has worked out its plan to attract more than five million overseas tourists to tour the country and earn the equivalent of over three billion U.S. dollars from overseas visitors and 23 billion yuan from domestic tourists.

In 1992, the administration has made it a tourism year for the country; more than 100 tourism festivals will be held across the country in a bid to attract tourists.

Last year 463 tourism promotion groups were sent abroad, and over 4,200 tourism experts and businessmen and 500 journalists were invited to China to better understand the sound status of the country's tourism industry.

According to related government officials, China is considering taking new measures to quicken the development of its tourism sector in the coming years.

Some Chinese experts suggest that China should learn from other countries and regions in developing its tourism industry by boldly introducing successful administration and management methods. An example would be the establishment of special tourism zones with overseas funds to attract up-scale overseas tourists with multi-level tourism attractions.

Many Chinese tourism experts believe that along with the development and deepening of the country's reform and opening to the outside world, its tourism industry will become more vibrant and stable.

Additional Plane Purchases Planned

OW2602025092 Beijing XINHUA in English
0222 GMT 26 Feb 92

[Text] Beijing, February 26 (XINHUA)—Last year the tourism industry in China hit a record high, today's "PEOPLE'S DAILY" [RENMIN RIBAO] reported.

According to statistics, in 1991 China received more than 33.34 million overseas visitors and earned 2.84 billion U.S. dollars from tourism, respectively 21.4 percent and 28 percent increases over 1990.

Meanwhile, the industry earned 20 billion yuan from 300 million domestic tourists—seven percent and 17.6 percent increases, respectively, over 1990.

Liu Yi, head of the National Tourism Administration, said that, with the steady improvement of the country's tourism management and services as well as basic facilities, China expects to set another record in 1992.

Also, in order to boost tourism, China is planning to buy another 20 passenger planes in 1992, Liu said.

'Alarming' Excess Institutional Consumption Viewed

HK2502122692 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0824 GMT 18 Feb 92

[Text] Beijing 18 Feb (ZHONGGUO TONGXUN SHE)—The retail volume of consumer goods in institutional consumption in China amounted to 87.9 billion yuan last year, an 18.6 percent increase over the previous year. This alarming figure aroused attention in departments concerned.

So-called institutional consumption means using public money to buy commodities for public use. In recent years, seeing the soaring amount of institutional consumption, the government repeatedly gave orders calling for reducing expenditures and practicing thrift. But various departments acted as if they never received the orders; they lavishly spent public money, bought more expensive goods for public use as well as buying more consumer goods of an entertainment nature; and their old habit of using public money to eat, drink, and send gifts remain unchanged.

To solve the problem of excess institutional consumption, the state derived many methods to exercise control, and put some commodities on a "controlled purchase" list. The state also has a ranking department, the "National Control Office" (the Office for the Control of Institutional Consumption and Purchases).

In 1990, China carried out economic rectification, and the market became sluggish and a large number of overstocked commodities piled up. In order to stimulate the market, the State Council implemented a series of measures, one of which was to appropriately relax control over institutional purchases, permitting government departments to buy some quality goods which are "necessary for work."

It was not expected that once this order was given, institutional consumption would be out of control; before the market was stimulated, institutional consumption rapidly increased by 20-30 percent. This added a new difficulty to the already stretched state finances and expenditures.

In 1991, therefore, the State Council quickly issued an emergency notice, to further strengthen control over institutional consumption. However, the trend in increasing institutional consumption did not stop, but continued to increase rapidly on a relatively higher base in 1990.

According to National Control Office statistics, from January to November 1991, the specially controlled goods consumed by units and institutions at or above county level in the country increased 26.5 percent over the same period in 1990; among 32 kinds of specially controlled goods, the quantity submitted for approval increased abnormally. From January to September, compared with the same period of the previous year, small cars increased 26.7 percent; video recorders, 25.3 percent; quality large musical instruments, 55 percent; color televisions, 61 percent; and down clothing, 130 percent.

Some experts think that the high level of institutional consumption is related to the relaxed policy. In addition, in recent years, new departments were excessively established, and this was also an important reason. At present, some 30 million people throughout the country eat the state's "royal grain," and departments overlay one another and are overstaffed, to the extent that there is no way to reduce institutional consumption.

But the main reason is that many units have increasing desires for expensive entertainment, and the ways, styles, and means to use public money to buy consumer goods for individual use have become more varied and concealed. Many leaders of units raised the banner of serving the people's interests to distribute the goods bought with public money to individuals for use. Individuals are benefited and everyone is happy, while unit leaders have a good reputation as well as benefits.

According to bank statistics, last year, the management fee among administrative enterprises steadily increased by 20 percent, and annual expenditure was 139.3 billion yuan, a 26.6-percent increase over the previous year.

Persons of economic circles urge: Excess institutional consumption has happened more than once or twice, and every time this problem occurred, it could not be properly controlled or solved. This wild horse causes a rather big clash to the economy, and now is the time to make up our minds to take thorough measures to stop it.

Laborers 'Cramming' Trains in Spring Migration

HK2602021792 Beijing CHINA DAILY in English
26 Feb 92 p 4

[By staff reporter Xie Yicheng: "Millions of Job Seekers Cram Trains"]

[Text] Rural labourers are cramming trains and clogging stations as spring time migration hits in full force this year.

Leaving their impoverished homes in central China in anticipation of employment in other provinces, millions are still riding the rails, said an official with the Ministry of Railways.

Reports say passenger trains have been acutely overloaded in recent weeks, with doors on some totally blocked. Rural workers even broke train windows to embark or disembark, according to the sources from the ministry.

The morning of February 14 witnessed 100,000 travellers trapped in railway stations within Hunan and 43,000 travellers stranded in major rail stations in Sichuan.

Railway workers say there have been two peak periods as a result of migrant rural workers since Lunar New Year, which fell on February 4.

The first peak arrived between February 10-14, with the daily nationwide train passenger volume hitting 3.2 million people, a slight decrease over the figure last year.

Wang Yaru, an official with the ministry's Passenger Transportation Department, explained that many passengers prefer bus to train for short journeys as highway transportation improves.

Numerous rural job-seekers from Sichuan, Hunan, Hubei and Henan provinces had the same aim—to get to Guangdong Province by train.

This human avalanche overloaded the normally congested southern sections of the Beijing-Guangzhou, Xiangfan-Chongqing and Chengdu-Chongqing trunk railroads.

Railway authorities added 29 empty trains to the normal complement of 21 bound for Guangzhou.

The Guangdong government urgently called on rural job-hunters to stop streaming into the province owing to "its own limited absorption capacity."

Over the same period, rural workers from some flood-stricken areas in Anhui Province also moved to neighbouring Shanghai or prosperous Fujian Province hoping to earn a better living there, Shanghai Railway Bureau reported. Some 3,500 to 4,000 people were stranded in Anhui's Bengbu Station on February 14, and provincial leaders sent cadres to persuade them to "rebuild their homes".

The second rush period, which began on February 20, was even heavier than the first one, said Wang.

Long-distance rail passengers reached a record 642,000 people on February 21, up 14.4 percent over the same day last year.

While pressure on the southern section of the Beijing-Guangzhou route relaxed after the first peak, its northern section confronted renewed rural passenger flow—from Sichuan and Henan to Northeast China, and from Shandong and northern Jiangsu to Northeast China.

The morning of February 24 saw 40,000 job-seekers stuck in Zhengzhou Railway Station. Among them one-third said they wanted to do seasonal jobs in Daqing Oilfield while the rest wanted to serve as construction workers or agricultural labourers in Xinjiang Uygur Autonomous Region.

Henan's economic commission issued an order to run fewer buses to prevent more rural workers from arriving at the railway station.

The Ministry of Railway has so far dispatched an additional four trains to facilitate the transfer of rural workers in Beijing to Northeast China.

Wang predicted a smaller total passenger flow as soon as the second peak period is over.

East Region

Wu Guanzheng Addresses Reform Rally 22 Feb

HK2502002492 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 22 Feb 92

[Text] A mobilization rally was jointly held by the provincial party committee and people's government in Nanchang's 1 August Auditorium this morning. The rally called for in-depth reform and opening up as well as accelerated economic growth.

The rally relayed three major provincial measures for deepening the on-going reform and accelerating the provincial development and called on the people of the whole province, especially functionaries of various organs directly under the provincial authorities, to more unswervingly implement and carry out the party's basic line of one center, two basic points, proceed from local realities, further emancipate minds, and become bolder and faster in promoting provincial economic development.

The rally was presided over by Liu Fangren, provincial party committee deputy secretary.

Zhu Zhihong, provincial party committee deputy secretary and provincial discipline inspection commission secretary, relayed the following three documents issued jointly by the provincial party committee and government:

1) "The Plan for Comprehensive Economic Structural Reform Experiments in Selected Areas of Zhangshu City"; 2) "The Key Points of the Nanchang-Jiujiang Industrial Corridor Plan"; and 3) "The Opinions on Operational Mechanism Transformation and Comprehensive Reform Experiments in Selected State-Run Large- and Medium-Sized Industrial Enterprises."

On behalf of the provincial party committee and government, Wu Guanzheng, provincial party committee deputy secretary and provincial governor, delivered an important speech.

Provincial leading comrades attending the rally included: Wu Guanzheng, Liu Fangren, Zhu Zhihong, Lu Xiuzhen, Wang Taihua, Ma Shichang, Zhang Fengyu, Shu Shengyou, Liu Zhonghou, Xu Qin, Wang Zhaorong, Wang Zemin, Qian Jiaming, Wang Guoben, Wang Zhongfa, Hu Dongtai, Shu Huiguo, Wu Ping, Yang Yongfeng, Ye Xueling, Shen Hanqing, Li Shanyuan, Wu Yongle, Luo Ming, Zhang Yujiang, and others.

Wang Shuheng, provincial people's procuratorate chief procurator, Yuan Xianjing, provincial discipline inspection commission deputy secretary, provincial Vice Governors Huang Zhiqian and Zhang Yunchuan, and provincial government Secretary General Sun Ruilin also attended the rally.

Wu Guanzheng, provincial party committee deputy secretary and provincial governor, noted in his speech: This

year is a crucial year in the 1990's for us to expedite the pace of provincial reform and opening up. At a transitional stage characterized by a basic completion of various rectification and improvement tasks and a shift to normal economic construction and development, we are now confronted with a new opportunity. We must grasp every opportune moment to further expedite the pace of reform and opening up, promote development through reform, push ahead with exploitation by dint of opening up, and strive to bring about a faster provincial economic development and a comprehensive provincial economic quality improvement. At present, there exist a host of favorable conditions for accelerating reform and opening up. This has provided a strong guarantee for us to expedite the pace of our reform and opening up. We must waste no time, seize every opportunity, and become braver in making greater strides in reform and opening up, thus promoting a faster provincial economic growth. Moreover, the provincial party committee and government have recently decided to carry out experiments on reforms aimed at comprehensively readjusting the economic structure of a number of selected areas of Zhangshu City, building the Nanchang-Jiujiang Industrial Corridor, and carrying out experiments on reforms aimed at transforming the operational mechanisms of six selected large- and medium-sized enterprises. All prefectures, cities, and counties must follow the spirit of this provincial government document by pushing ahead with experiments on operational mechanism transformation as well as reforms in six selected fields, and must conduct experiments in a timely fashion and gradually popularize similar reforms after summing up and perfecting relevant experiences.

Wu Guanzheng called on all areas and departments to further emancipate minds, update concepts, bravely carry out explorations, and correctly view and handle the following four types of relations at present:

1. The relations between planned economy and market regulation and control
2. The relations between in-depth reforms and economic development
3. The relations between actively and assuredly forging ahead and bravely blazing new trails.
4. The relations between effective macroscopic control and microscopic invigoration.

To this end, Wu stated, it is necessary to further deepen and vigorously push forward reforms and become bolder in the endeavor. This year, we must concentrate on expediting reforms in the following five aspects:

1. To transform the enterprise operational mechanism.
2. To speed up enterprise reform.
3. To accelerate rural reform.
4. To quicken reform in the circulation field.
5. To expedite housing system reform, free medical care system reform, and social security system reform.

Wu added: We must also create more favorable conditions for successfully furthering enterprise reform and

for guiding and readjusting the consumption structure with an eye on accelerating the regionwide comprehensive reform. In the meantime, we must further expand opening up, speed up the pace of developing an export-oriented economy, and strive for faster economic growth on the basis of high efficiency.

Wu Guanzheng emphatically maintained: We must not only call for vigorously furthering reforms, quickening the pace of opening up, and accelerating economic development in words, at meetings, or in documents, but also take feasible and practical measures to grasp implementation work in this regard in a down-to-earth manner with an eye to achieving more actual results in a phased way. All organs directly under the provincial authorities must take the lead and set a fine example in this regard. All departments concerned must enhance the concept of centralism and the concept of reform, conscientiously unfold discussions in light of their actual conditions and with a view to implementing various reform and development measures designed for this year, and see whether or not a comprehensive understanding has been achieved on the party's basic line, whether or not such an understanding is an in-depth one, whether or not economic construction has been grasped as the center, whether or not a unifying force has been mustered for grasping economic work, whether or not minds have been further emancipated, whether or not a fine mental attitude has been maintained in face of enormous difficulties, and whether or not neighboring provinces' successful economic invigoration and development practices have been transplanted to our province, so as to really overcome ideological shortcomings, successfully emancipate minds, find a correct path for ourselves in the course of reform and development, transform our work functions, and improve our work style.

Liu Fangren, provincial party committee deputy secretary, delivered a summing-up speech at the rally, in which he expressed the hope that all the comrades attending the rally would conscientiously study, relay, acquire an in-depth understanding of, implement, and carry out both the spirit and the essence of the rally after returning to their respective units: All prefectures, cities, as well as departments and units concerned directly under the provincial authorities would formulate their own implementation plans in light of local conditions, further transform work style, carry out down-to-earth work, prevent formalism, avoid giving empty talks and doing things in a perfunctory way, really implement to the letter the spirit of the rally, and work hard and diligently in order to render the provincial economic work as well as other types of work more successful and strive to greet the forthcoming convocation of the 14th party congress with more outstanding achievements.

Also attending the rally were incumbent leading cadres at and above deputy provincial department level as well as cadres at section level from various organs directly under the provincial authorities; principal comrades in charge of the party committees, discipline inspection

commissions, people's congress standing committees, governments, administrative offices, and Chinese People's Political Consultative Conference committees of Nanchang City, Jiujiang City, Yichun Prefecture, and Zhangshu City; and principal party and government comrades in charge of Jiujiang County, including Shahe Town, Dean County, Yongxiu County, Xinjian County, Nanchang County, including Xianghang Town, the provincial fine livestock breed multiplication farm, the Xinhua Chemical Plant, the Nanchang Gear Wheel Plant, the Cansang Land Reclamation and Plantation Farm, the Gongqing Land Reclamation and Plantation Farm, the Yunshan Land Reclamation and Plantation Farm, the Zhelin Reservoir, as well as a number of higher learning institutions.

Li Zhen on Implementing Enterprise Law

OW2502125592 Beijing XINHUA Domestic Service
in Chinese 1227 GMT 24 Feb 92

[Text] Beijing, 24 February (XINHUA)—While attending the 24th session of the Standing Committee of the Seventh National People's Congress as an observer today, Li Zhen, chairman of the Standing Committee of the Shandong Provincial People's Congress, pointed out that under the new situation, we must persist in the system of people's congresses in a still better way, bring into fuller play the role of local organs of state power, and pay greater attention to supervising the implementation of the constitution and other laws in our respective jurisdiction.

Speaking of implementing the Enterprise Law, Li Zhen said: Since the law was promulgated in 1988, Shandong Province has devoted great efforts to implementing it and has made some progress. It has, however, also encountered some interference and resistance; some new situations and problems have arisen, mainly in the following two areas: First, some cadres, staff members, and workers, some leading cadres in particular, do not have an adequate understanding of the importance and necessity of this basic law. Some even believe that "the Enterprise Law weakens party leadership, undermines ideological and political work, and leads people astray or to make mistakes if something goes wrong." Second, some principal provisions of the Enterprise Law have not been implemented in quite a few localities and units.

He said: In May 1990 and again in August 1991, the Standing Committee of the Shandong Provincial People's Congress organized members to conduct special investigations on ways to improve state-owned large- and medium-sized enterprises and halt the slide in economic returns of state-owned industrial enterprises. Investigations show that the slide in the economic returns of state-owned enterprises had become a serious problem for the province's economic development. One of the key reasons for the slide was that they were short of the vitality required of an enterprise because they did not make use of the power vested in them by the

Enterprise Law. In view of the above-mentioned situations, the provincial people's congress standing committee conducted earnest analysis. It concluded that resolute implementation of the Enterprise Law is essential for bringing about a sustained, steady development of the economy, for solving the problems existing in state-owned enterprises, for deepening enterprise reform, and for injecting vitality into enterprises. Based on the consensus reached through investigations and research, last year the province paid special attention to the following tasks in implementing the Enterprise Law: First, we incorporated the implementation of the Enterprise Law into the program for popularizing knowledge of the laws among the people and carried out an extensive province-wide reeducation and restudy. According to incomplete statistics, more than 95 percent of directors, managers and other cadres at the middle level or above, 90 percent of the group or team leaders, and 80 percent of the staff members and workers in enterprises of all size have taken part in the training and study. As a result, their understanding of the Enterprise Law and their awareness for implementing it has been enhanced markedly. Second, the standing committee adopted relevant resolutions after hearing government briefings on boosting enterprise vitality and improving economic returns. After a period of investigation, research, and preparations, the 23rd standing committee session of the provincial people's congress was convened last August. At the top of the session's agenda were deliberations on implementation of the Enterprise Law. It heard a government report and adopted the "Resolution on Implementing the Enterprise Law," which has, since its promulgation, played an active role in promoting and ensuring the implementation of the Enterprise Law, in unifying the understanding and in coordinating the actions of the vast number of cadres and masses, and in instituting administration by law in industrial enterprises. Third, we beefed up government efforts to implement support reforms in line with the requirements of the Enterprise Law. Fourth, we carried out special inspections to expedite all-around implementation of the Enterprise Law. Through these inspections, the province has further armed the people with knowledge of the law and enhanced the government departments' awareness of law implementation, thus laying a better foundation for more thorough implementation of the Enterprise Law in years to come.

Li Zhen pointed out: Implementation of the Enterprise Law has facilitated the deepening of reform and brought about steady development of the economy. Shandong Province has achieved steady economic growth in the past few years. Although economic returns fell for a time in some state-owned industrial enterprises, there has been no major, province-wide slide. The situation has taken a significant turn for the better since the second half of 1991; industrial growth has picked up and economic returns improved markedly. Statistics show that income of the province's local industrial enterprises from sales of products totalled 47.68 billion yuan last year, up 16.8 percent over the previous year; their profits

totalled 1.47 billion yuan, up 11.1 percent; the combined losses of money-losing enterprises fell by 20.4 percent.

He said: Implementing the Enterprise Law is a long-term task. Supervising the implementation of the law is a task to which the people's congress must pay close attention in the years to come. The Standing Committee of the Shandong Provincial People's Congress is determined to make unremitting efforts to implement the Enterprise Law as a task of top priority.

Central-South Region

Article on Contradictions Among People

HK2502130092 Guangzhou NANFANG RIBAO
in Chinese 17 Feb 92 p 4

[Article by Zhang Jiangming (1728 3068 2494): "New Questions for Study in Contradictions Among People"]

[Text] With the arrival of the initial stage of socialism, contradictions among the people are gradually becoming the main theme of the country's political and economic lives. During this stage, contradictions among the people are prominently focused on economic relations. To solve these contradictions, our main tasks are to center around economic construction; adopt new methods to correctly handle relations among the state, collectives, and individuals; further mobilize the socialist enthusiasm of the broad masses; and strive for socialist modernization.

I. New Features of Contradictions Among the People

Alongside socialist construction and reform, which are developing in depth, new features have emerged in human relations as well as in relations between man and the material world. Basically speaking, the contradictions between these two kinds of relations are nonantagonistic. The new features of contradictions among the people during the new period are mainly reflected in the following:

1. The leading role of contradictions concerning economic interests. Although they are nonantagonistic ones on the basis of consistent fundamental interests, contradictions among the people do not deny the existence of differences and contradictions caused by concrete and partial interests. In order to make the fundamental interests coincide, we have to go through the entire process during which many concrete and "inconsistent" contradictions constantly come into being and are constantly solved. Among various contradictions among the people, those concerning economic interests play a leading role. This is because the major contradictions in a society during the initial stage of socialism are contradictions between the increasing material and cultural demands of the people and its backward social production.

Under such circumstances, we should persistently regard economic construction as the central task; constantly satisfy the people's material and cultural demands on the basis of developed production; and gradually enable our

people to gain more economic interests. Only in such a way can we mobilize the socialist enthusiasm of the people in a sustained way and give play to the superiority of the socialist system. Meanwhile, the existing multi-form economic elements and distribution patterns will naturally place contradictions concerning economic interests in a dominant position. The socialist structural reform aims at removing old contradictions concerning material interests and establishing new economic interests and relations among the people. During the process in which the new and the old systems are overlapping, contradictions concerning economic interests are constantly emerging. That is why the contradictions concerning economic interests have become prominent in all contradictions among the people.

2. The diversification of contradictions concerning interest groups. Since socialist transformation was basically completed and the exploiting class was eliminated as a class, diversified interest groups have gradually come into being and developed. Differing from classes, interest groups do not belong to particular independent class organizations, though they are affected by classes, or class factors do exist in some of these groups. All these interest groups gradually come into being under the conditions wherein the productive forces are developing in an imbalanced way; and wherein public ownership and the system of distribution according to work are regarded as the principal part while multiform economic elements and distribution patterns are allowed to coexist. Being inconsistent, partial, temporary, and concrete interests on the basis of consistent fundamental interests of the people, contradictions concerning group interests mainly emerge in such forms as contradictions between workers' and peasants' groups; between enterprise managers' and workers' groups; between rural managers' and peasants' groups; between mental laborers' and physical laborers' groups; between private entrepreneurs' and employees' groups; and between self-employed individuals' and nonself-employed individuals' groups. Contradictions even exist within the same interest groups. Different levels of productive forces and different geographic and natural conditions will result in different income distributions among different interest groups and localities; while different quality and different scientific and technological levels within the same groups will also cause divergences and contradictions among their members. The diversified contradictions concerning interest groups constitute an important part of social subjective and objective contradictions during the initial stage of socialism.

3. The complex nature of interest relations. Basically speaking, interests of the state, collectives, and individuals coincide during the initial stage of socialism. However, contradictory relations of concrete interests will inevitably come into being as a result of differences existing between overall and partial interests, between long-term and temporary interests, between macroeconomic and microeconomic interests, and between collective and individual interests. Complicated contradictions can also be seen among different economic

localities, different economic departments, and different interest groups. Among contradictions concerning interests, there exist not only those concerning economic interests—including contradictions existing in such economic fields as production, distribution, exchange, and consumption; but also multisided contradictory relations concerning political, ideological, and cultural interests (or spiritual interests). Intricate and complicated as they are, contradictions concerning economic interests are permeated with those concerning political and cultural interests, while the latter are also closely related with the former. During the development process of various interest relations, changes in conditions will make one aspect prominent at one time and make another prominent at another time. All this is present in objective reality. Correct understanding of the complex nature and variability will help us adapt ourselves to changes in interest relations, work out corresponding measures promptly, and correctly handle interest relations between subject and object in a socialist society.

4. The coexistence of and restrictions between new and old contradictions.

During reform and opening up, especially in the process whereby the new system is replacing the old, new and old contradictions always coexist and fight against each other. The development and changes concerning the new and old contradictions in man himself will become more obvious. It is the dialectics of the development process of various interests that new interest contradictions will emerge after the old ones are solved.

Besides obtaining a correct understanding of new and old contradictions, we should also know that there exist two different kinds of social contradictions among the new and old contradictions. Before vestiges of old antagonistic factors are completely eliminated, new antagonistic factors may emerge, or we can say that certain antagonistic factors are also present in nonantagonistic contradictions among the people.

II. New Methods in Correctly Handling Contradictions Among the People

To counter the aforementioned new features of contradictions among the people during socialist construction and reform, we should, in line with the general principles and policies in correctly handling contradictions among the people, work out the following new measures and new methods which suit the objective realities.

1. Through reform, we should set up a new system to handle various interest relations among the people. It is through the transformation of the old system and establishment of the new that we solve subjective contradictions among the people; objective contradictions between productive forces and production relations; and contradictions between economic foundation and superstructure, including those between economic and political interests. For example, in accordance with the party's line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee, we

have changed the original rural system, which was characterized by highly concentrated people's communes; integration of government administration with commune management; equalitarianism; equalitarian treatment regardless of performance; and a product economy, to a contracted household responsibility system with remuneration linked to output and a rural management system whereby unified management is combined with separate management. Because they suit China's present rural conditions of multilevel productive forces and imbalanced development as well as tallying with the demands of the vast numbers of peasants, these new systems have largely accelerated the development of rural productive forces, helped solve contradictions concerning peasants' economic interests, and aroused the socialist enthusiasm of the vast numbers of peasants. At present, alongside the further development of productive forces and on the basis of stabilizing the contracted household responsibility system with remuneration linked to output, we should constantly perfect the rural management system whereby unified management is combined with separate management, vigorously promote the socialized service system in rural areas, reinforce the collective economy, and guide peasants onto the road of common prosperity. By so doing, we can surely find better solutions to contradictions concerning rural economic interests on the new basis, and gradually enhance the living standards of the vast numbers of peasants from having enough food and clothing to leading a fairly well-off life. This is a concentrated expression of solutions to contradictions in the light of economic interests.

In order to better solve contradictions concerning economic interests, through structural reform we need to set up a new pattern and a new system on the economic interest relations among the people. In this new pattern, laborers and means of production will be combined more closely; laborers will be closely linked with the fruits of their own labor; and interests of the state, collectives, and individuals will be integrated in a dialectical way. Moreover, we will, on the one hand, allow a small number of people to get rich first; and, on the other hand, prevent a gap between the poor and the rich from coming into being. In this way, we can keep to the road of common prosperity and build a fair society.

2. A control and regulation system with a coupling mechanism [ou he ji zhi 5096 0678 2623 0455] should be set up to solve contradictions among the people. Because they are nonantagonistic ones on the basis of consistent fundamental interests, contradictions among the people concerning economic interests can be solved by a method of integrating nonantagonistic antitheses. This is a fundamental principal. By adopting this antitheses-integrating method, we mean integrating nonantagonistic antitheses under the prerequisite of common interests; that is, we need to integrate overall with partial interests, collective with individual interests, and long-term with current interests. Only when we organically combine the interests of the state, collectives, and individuals can we make overall plans, take all factors into

consideration, bring about mutual coordination and acceleration, and turn the new contradictory relations developing in the same direction into motivation for further development. However, in integrating antitheses, we should be aware that although they are mutually related, the forms and nature of antagonism differ from each other. Therefore, we should not blur the distinction between the two, neither can we equate the former with the latter. When handling certain antagonistic factors among the people, we should continue to adopt the methods of alleviation and mediation; and try our best to enlarge common ground, reduce antagonism, and eliminate negative factors, so as to bring about a new integration and unity.

To correctly handle contradictions among the people concerning economic interests, we should adopt various methods and means with the aim of bringing about a coupling. This means that a well-structured and full-range control and regulation system with a coupling mechanism should be set up to solve contradictions among the people. With such a system, we can bring about coupling among various economic, legal, administrative, and ideological and educational methods; and between macroeconomic control and microeconomic regulation. To this end, we need to take the overall situation into account, clearly define contradictions concerning economic interests, guide the development orientation of contradictions, rationalize various relations, set up a new pattern whereby we can coordinate various interest relations among the people, and expedite reform and construction.

3. We should make comprehensive use of various regulatory methods when handling contradictions among the people. In particular, we should make use of the economic regulatory method to mediate contradictions concerning economic interests between subject and object. Contradictions among the people concerning economic interests are an organically related system, and the emergence and intensification of contradictions can be attributed to various causes. Such being the case, we need to make both empathetic and comprehensive use of various regulatory means, so that contradictions concerning economic interests can be solved in a sound way, socialist enthusiasm can be fully mobilized, and new contributions can be made to the building of socialism with Chinese characteristics.

Hou Zongbin Attends Provincial CPPCC Session

HK2502131592 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 23 Feb 92

[Excerpts] The Fifth Session of the Sixth Henan Provincial Chinese People's Political Consultative Conference [CPPCC] Committee was solemnly inaugurated in the provincial People's Auditorium yesterday morning.

At 08:30 yesterday morning, provincial CPPCC committee Chairman Yan Jimin declared the session open.

Provincial CPPCC committee vice chairmen, such as Zhao Zhengfu, Wei Qingong, Dong Minsheng, Zuo Mingsheng, Ren Fangqiu, Duan Zongsan, Ding Zhenyu, Tu Jiaji, Li Runtian, Liu Yujie, and Wu Shouquan, as well as the provincial CPPCC committee secretary general, Zhao Fengyu, attended the session and were seated in the front row at the rostrum.

Provincial party, government, and military leaders, including Hou Zongbin [provincial party committee secretary], Li Changchun [governor], Lin Yinghai, Yang Xizong, Li Ming, Song Zhaosu, Wu Guangqian, Yu Youxian, Zheng Zengmao, Song Guocheng, Hu Tiyan, Lin Xiao, Ji Hanxing, Guo Peijun, Fan Lian, Hu Tingji, Zhao Wenlong, Hou Zhiying, Qin Kecai, Liu Yuan, and Fan Qinchun, as well as Song Yuxi, former provincial CPPCC committee chairman, also attended the session.

The provincial CPPCC committee boasts a membership of 766, 615 of whom had checked in. The session was attended by 561 members, constituting a quorum.

Yesterday's meeting adopted an agenda and a schedule for the Fifth Session of the Sixth Henan Provincial CPPCC Committee.

Entrusted by the Sixth Henan Provincial CPPCC Committee Standing Committee, Tu Jiaji, provincial CPPCC committee vice chairman, made a standing committee work report at the session.

Duan Zongsan, provincial CPPCC committee vice chairman, gave a work report on handling motions advanced since the Fourth Session of the Sixth Henan Provincial CPPCC Committee. [passage omitted]

The Henan-based CPPCC National Committee members, persons in charge of various city, county, and district CPPCC committees, persons in charge of various prefectural CPPCC liaison work committees, persons in charge of a number of city and prefectural united front work departments, and persons in charge of a number of united front work organs directly under the provincial authorities attended yesterday's meeting as nonvoting delegates.

North Region

New Commercial Center Planned for Beijing

OW2602033092 Beijing XINHUA in English
0249 GMT 26 Feb 92

[Text] Beijing, February 26 (XINHUA)—A new five-kilometer-long commercial center to feature quality and special goods from across the country will be constructed in the Dongcheng district of Beijing over the next few years.

According to informed sources, the project will expand one of the district's shopping centers, the Dongdan Street, to Congwenmen in the south and to Yonghegong in the north.

The source said that the new center will [word indistinct] into the list of China's biggest commercial hubs—like Wangfujing Street in the capital and Nanjing Road in Shanghai.

Though there are already several big shopping centers like Dongdan and Wangfujing in the district, it is still not as bustling as a world metropolis should be, and the capital is far from a national shopping center at present, according to an official from the municipal government.

To improve this situation, the Dongcheng district is going to open this section of the capital city to the whole country.

Investors from outside the capital will be given preferential treatment when they invest in commercial buildings and other necessary facilities there.

"Beijing belongs to the people of the whole of China, and so will the new commercial area," said Lan Tianzhu, director of Dongcheng district.

At the same time the downtown area will get first-class decoration and advertising facilities, said the director.

So far, over 50 enterprises from 10 provinces, municipalities and autonomous regions have stated their intention to invest some 100 million yuan in the colossal project.

Inner Mongolia Propaganda Directors Meeting Opens

SK2602043892 Hohhot Inner Mongolia People's
Radio Network in Mandarin 1100 GMT 24 Feb 92

[Text] The regional propaganda directors conference to study and map out ways to make propaganda work more successful in the current new situation opened in Hohhot today. The guidelines of the national propaganda directors conference were relayed.

Wuyunqimuge, Standing Committee member and director of the Propaganda Department of the Autonomous Regional Party Committee, gave a speech at the conference entitled: Comprehensively and Accurately Implement the Party's Basic Line and Raise Inner Mongolia's Propaganda Work to a New Level. He pointed out: Inner Mongolia witnessed marked achievements in propaganda work in 1991. Propaganda departments at all levels conscientiously implemented the party's basic line and, with unity, stability, and encouragement as the keynote, and propaganda through positive examples as the major measure, carried out propaganda work in a down-to-earth manner, thus playing a positive and important role in maintaining political and social stability in the autonomous region and facilitating economic construction, reform, and opening up. The guiding thoughts for the regional propaganda work for 1992 are to continue to adhere to the principle of unity, stability, and encouragement and the principle of propaganda through positive examples, to comprehensively and accurately implement and embody the party's basic line, to do a good job in economic propaganda, to

expand the publicity to reform and opening up, to conduct intensive education on adherence to the four cardinal principles and on national unity and progress, to unify the people's thinking in line with the theory of building socialism with Chinese characteristics, and to mobilize the people of various nationalities throughout the region to uplift their spirits, carry out arduous struggles, work in a down-to-earth manner, and usher in the convocation of the 14th party congress with outstanding achievements in reform and construction.

Wuyunqimuge emphasized: In this year's propaganda work, we should further intensify economic propaganda to reflect the spirit of bolder and quicker reform and increase the weight of reform and opening up. In the propaganda on reform, we should pay attention to focusing on the major goal of economic reform—establishment of a new system of the socialist planned commodity economy and a new operating mechanism combining the planned economy with market regulation.

We should also conduct intensive education on adherence to the four cardinal principles and continue to step up the mass activities to build the spiritual civilization.

He particularly emphasized: Propaganda departments at all levels should further improve the contingent of propaganda workers, strengthen the overall guidance of propaganda work, strive to explore ways to make propaganda work serve economic construction, and continuously raise the level of propaganda work.

Attending the conference were directors of the propaganda departments of the party committees of leagues, cities, banners, counties, large industrial and mining enterprises, colleges and universities, trade unions, Communist Youth League organizations, women's federations, the Inner Mongolia Military District, the Inner Mongolia Armed Police Force, and the Inner Mongolia Forest Police Force and responsible persons of the autonomous regional departments in charge of propaganda work.

Taipei-Riga Ties Reported Progressing Smoothly*OW2602092192 Taipei CNA in English 0742 GMT
26 Feb 92*

[Text] Taipei, Feb. 26 (CNA)—Relations between the Republic of China [ROC] and Latvia have progressed smoothly since Taipei opened a consulate general in Riga, vice Foreign Minister Chang Hsiao-yen said Tuesday.

Chang's statement followed reports that communist China wants to pull out of Latvia to protest the opening of an official Taiwan mission in the Baltic state.

During his visit to Riga in January, Chang exchanged a note with Latvian Foreign Minister Janis Jurkans, allowing the Republic of China to open a consulate general in Riga.

The move marked a significant breakthrough in Taipei's pragmatic diplomatic offensive as it is the first time the ROC has been able to establish a consulate general in a country with which Taiwan does not have formal ties.

Chang reported that the ROC consulate general in Riga has been functioning well since it became operational early this month. "Our relations with Latvia are on solid ground and will become even closer in the years ahead," he said optimistically.

Peking's XINHUA NEWS AGENCY reported from Riga Tuesday that Chen Di, the communist Chinese charge d'affaires in Riga, and his staff left the embassy late Monday after making "serious presentations" to the Latvian Foreign Ministry on the opening of the Taiwan consulate general in Riga.

The Peking mouthpiece quoted Chen as accusing Latvia of "completely violating its commitments set forth in the Peking-Riga joint communique on the establishment of diplomatic ties" and of "gravely undermining bilateral relations."

Therefore, the report said, the communist Chinese Government has decided to temporarily close its embassy in Latvia.

Commenting on the report, diplomatic observers here said that Peking's move aimed to block Taipei's presence in the Baltic republic.

The observers also noted that although Peking closed its embassy in Latvia, it did not sever diplomatic ties with that country. It remains to be seen how Peking-Riga relations will develop, they added. Latvia and communist China established formal ties last September.

Kyrgyzstan Hopes To Improve Ties With Taipei*OW2602091992 Taipei CNA in English 0733 GMT
26 Feb 92*

[Text] Taipei, Feb. 26 (CNA)—Vice Foreign Minister Chang Hsiao-yen said Tuesday there is ample room for

the Republic of China and Kyrgyzstan to develop closer ties in wide areas if the two sides strengthen contacts.

M.I. Paryshkula, chairman of the State Committee for Foreign Economic Relations of Kyrgyzstan, called on Foreign Minister Chien Fu and Vice Foreign Minister Chang Hsiao-yen Tuesday and exchanged views with them on matters of mutual concern.

During the talks, Paryshkula said his country has abundant agricultural and livestock products, including wool and tobacco, and invited Taiwan businessmen to invest in his central Asian country.

Investment Discussed*OW2502100292 Taipei CNA in English 0812 GMT
25 Feb 92*

[Text] Taipei, Feb. 25 (CNA)—Vice Economics Minister Lee Shu-jou Monday told M.I. Paryshkula, chairman of the state committee for foreign economic relations of Kyrgyzstan, that the Republic of China hopes to sign an investment guarantee pact with his country to protect the interests of Taiwan investors.

Paryshkula said his country welcomes Taiwan investors when he called on Lee at the Ministry of Economic Affairs. "Actually, there are already some Taiwan investors running wool processing business in Kyrgyzstan and they are doing very well," he observed.

Lee expressed the hope that the two countries will sign an investment guarantee agreement to encourage more Taiwan businessmen to invest in Kyrgyzstan.

Paryshkula arrived here Sunday for a four-day visit.

Britain Willing To Offer Expertise to Taipei*OW2602092592 Taipei CNA in English 0735 GMT
26 Feb 92*

[Text] Taipei, Feb. 26 (CNA)—A British minister said here Tuesday that Britain is more than willing to share with Taiwan its experience in financial markets and the privatization of state-run businesses.

John Redwood, British minister of state for corporate affairs of the Department of Trade and Industry, met Tuesday with Hsu Ke-sheng, director general of the Board of Foreign Trade. He said his country could transfer its know-how to Taiwan.

Redwood said Taiwan can learn a lot from Britain's rich experience in privatizing airports, telephone and telecommunications, and other enterprises. He said Britain is also capable of providing engineers to help with Taiwan's current Six-Year National Development Plan.

German Business Delegation Arrives in Taipei

*OW2602094092 Taipei CNA in English 0748 GMT
26 Feb 92*

[Text] Taipei, Feb. 26 (CNA)—A business delegation from Frankfurt, Germany, is in Taipei to seek cooperative opportunities in financial markets, airport management and real estate.

Led by Frankfurt Deputy Mayor Martin Wentz, the delegation called on Chairman Huang Shih-hui of the Chinese National Federation of Industries Tuesday.

The 16-member business group had visited the Board of Foreign Trade, China Airlines, and the Nan Ya Plastics Company.

Dr. Hans Stercken, chairman of the Federal German Parliament's Foreign Affairs Committee, met with Vice President of the Legislative Yuan Shen Shih-hsiung Tuesday.

Stercken and Shen discussed ways to strengthen friendly ties and to exchange visits by parliamentarians of the two countries.

The German lawmaker said his parliament hopes to improve friendly relations with the Republic of China. He hoped that an exchange association between parliamentarians of the two sides can be established to further enhance cooperation.

ROK Envoy Sees No Change in Ties With Taipei

*OW2202084092 Taipei CNA in English 0753 GMT
22 Feb 92*

[Text] Taipei, Feb. 22 (CNA)—South Korean President No Tae-u's special envoy said Saturday that the friendly relations between his country and the Republic of China [ROC] will not change under any circumstances.

Min Kwan-sik, who carried a handwritten message from No to President Li Teng-hui, said that reports about the establishment of diplomatic ties between Seoul and Peking within this year are not true.

Min told a pre-departure press conference that South Korea's northern policy, which seeks stability on the Korean Peninsula, is in keeping with world trends and developments.

The former National Assembly speaker and education minister quoted Henry Kissinger as saying that communism will eventually be wiped out.

Former Soviet leader Mikhail Gorbachev's reform policies have proved themselves "the trend of the world," so Taipei should understand well that Korea's Nordpolitik is aimed at reducing the animosity of the North, Min commented.

Min, an adviser to Korea's ruling Democratic Liberal Party, repeatedly stressed that the friendly ties between his country and the ROC will not change under any circumstances.

He added that Korea's promotion of its northern policy does not mean it will set up formal ties with Peking this year. "Actually there is no need to do it so quickly," he said.

Min will leave Taipei Sunday after concluding a four-day visit.

SEF To Visit for Document Verification Talks

*OW2502100192 Taipei CNA in English 0817 GMT
25 Feb 92*

[Text] Taipei, Feb. 25 (CNA)—The Straits Exchange Foundation (SEF) will ask Peking's Association for Relations Across the Taiwan Strait (ARATS) to help arrange staff visits to the mainland to talk about document verification, SEF officials said Monday.

They said many people with mainland spouses have asked SEF to help verify their marriage certificates so their mainland spouses can settle here.

The Mainland Affairs Council has ruled that mainland spouses wishing to settle in Taiwan must have SEF officials witness their weddings on the mainland and present verified documents when applying for entry and residency in Taiwan.

Shih Chi-ping, SEF deputy secretary general, said he will send a message to ARATS Tuesday or Wednesday asking for its help in arranging SEF staff visits to the mainland.

If possible, Shih added, SEF staff members will leave for the mainland in March to seek solutions to the problems.

Other issues, like registered mail between the two sides of the Taiwan Straits, will also be taken up during the upcoming visit, he said.

Report on PRC's Total Military Strength

*OW2402193492 Taipei CHUNG KUO SHIH PAO
in Chinese 18 Feb 92 p 11*

[Special report on the "National Defense White Paper" released by the Defense Ministry on 17 February: "Total Troop Strength of the Communist Armed Forces Exceeds 4.7 Million"]

[Text]

I. Current Military Strength

According to the stipulations of the Chinese Communists' "Military Service Law," the Chinese Communists' Armed Forces are composed of the "People's Liberation Army," the "People's Armed Police Force" and "militia reserve units." At present, the Chinese Communists' People's Liberation Army has a total strength of more

than 3 million, the People's Armed Police Force has a total strength of more than 1 million, and military reserve units have more than 700,000. The total troop strength of Chinese Communists' Armed Forces is approximately more than 4.7 million.

1. Army:

At present, the Army has a strength of about 2.2 million. They are deployed in seven major military regions. According to its organization, there are 24 army groups. Under the command of these Army groups are fighting units that include more than 70 infantry divisions, over 20 tank divisions (brigades) and more than 30 artillery divisions (brigades), as well as other combat support and logistics units.

The Army's main hardware includes more than 12,000 tanks and armoured personnel carriers of various types, with T-59 and T-69 tanks as mainstay vehicles, and more than 15,000 wheeled artillery pieces of various types.

2. Navy:

At present, the Navy has a personnel strength of about 360,000 (including coast guard units, marine corps and naval aviation units). According to the organization itself, this includes the "Tunghai [Donghai]," "Nanhai" and "Peihai [Beihai]" fleets, as well as submarine, marine corps and naval aviation units. It has more than 100 primary submarines (including Hsia [Xia] class nuclear ballistic missile submarines and Han class nuclear-powered submarines). It has more than 50 principal surface fighting ships, more than 200 high-speed boats equipped with guided missiles, more than 50 amphibious ships, and more than 1,000 support and small ships. In addition, it has a marine brigade and some 1,000 land based planes attached to naval aviation units.

3. Air Force:

At present, the Air Force has a troop strength of about 380,000 (including air defense units and airborne units). According to its organization, it has more than 50 divisions of fighters, with fighter aircraft divisions as the main force. Its main combat aircraft include some 4,000 fighters, more than 500 bombers (some of them may be equipped with devices for carrying nuclear weapons), some 500 transport planes, some 300 helicopters, and other types of aircraft, totalling more than 6,000 airplanes of various types.

4. Second Artillery Corps:

At present, it has a troop strength of about 100,000; they are organized into several corps-level units. Its main strength includes about 100 pieces of "Dongfeng [Tungfeng] No. 5" CSS 14, "Dongfeng No. 4" CSS 13, and "Dongfeng No. 3" CSS 12 strategic missiles.

II. Deployment of Military Forces

1. Ground forces:

The ground forces in the northern part of the mainland (including Shenyang, Peiching [Beijing] and Lanchou [Lanzhou] military regions) are mainly for defending against Russia. Those forces have a total troop strength of about 1.1 million, and most of the forces are crack troops. The ground forces in southeast region (including all the forces of the Nanching [Nanjing] Military Region) are mainly to guard against us. Those forces have a total troop strength of more than 310,000, which is roughly equivalent to our own troop strength. The ground forces in the southwest region (including Kuangchou [Guangzhou] and Chengtu [Chengdu] military regions) are mainly to guard against Vietnam and India. Those forces have a total troop strength of more than 400,000. The ground forces in the central region (including all forces of the Chinan [Jinan] Military Region) are Chinese Communist strategic reserve units. Those forces have a troop strength of more than 250,000.

2. Navy:

Pei Hai [Bei Hai] [North Sea] Fleet—Its defensive perimeter covers Huang Hai [Yellow Sea] and Po Hai [Bo Hai], and its main bases include Lushun, Talien [Dalian], Yentai [Yantai] and Chingtao [Qingdao]. The fleet has about 900 ships of various types with large combatant ships and submarines as its main force.

Tung Hai [Dong Hai] [East China Sea] Fleet—Its defensive perimeter covers Tung Hai and the Taiwan Strait, and its main bases include Shanghai, Tinghai [Dinghai], Santu [Sandu] and Fuchou [Fuzhou]. The fleet has more than 900 ships of various types, many of which are high-speed boats.

Nan Hai [South China Sea] Fleet—Its defensive perimeter covers Nan Hai [South China Sea], and its main bases include Kuangchou [Guangzhou], Shantou, Shanghsiachuan [Shangxiachuan] Island, Chanchiang [Zhanjiang], and Yulin. The fleet has more than 700 ships of various types, many of which are medium-sized landing craft.

3. Air Force:

The overall Air Force deployment still attaches primary importance to defending us against Russia and secondary importance to defending us against Vietnam. Because of limited air bases, only a small number of aircraft are deployed near Sino-Indian borders. We will rely on the Air Force in the interior if a situation requires support.

1. The Air Force units for defense against Russia—more than 3,000 combat aircraft of Air Force units in the "Shenyang, Beiching [Beijing], and Lanchou [Lanzhou] military regions are the main force, and the Air Force units of the Chinan [Jinan] Military Region will serve as reserve and supporting forces. The Air Force's relatively better aircraft, including "H-5," "H-6," "J-7," "J-8," and "Chiang [qiang 1730]-5," are stationed in those regions.

2. The Air Force units for defense against Vietnam—Air Force units of the "Chengtu [Chengdu]" and "Kuang-chou [Guangzhou]" military regions are forming a pincerlike encirclement toward Vietnam [as published]. About 500 aircraft are constantly deployed in areas within 300 nautical miles [nm] of Hanoi.

3. The Air Force units deployed for the Taiwan Strait—the Chinese Communists adopt the principle of deploying "less forces on the frontline" and "more forces in reserve" toward the Taiwan Strait. At present, the Air Force units there have 13 air bases for jet planes, which are located within 250 nm from Taiwan, with a capacity of accommodating more than 1,000 aircraft; however, to promote united front propaganda, the Chinese Communists now station more than 200 aircraft in several air bases, with "J-6"-type aircraft as its main force.

Air force units have more than 20 air bases for jet aircraft in areas from 250 to 500 nm from Taiwan and have deployed more than 1,500 combat aircraft of various types there. Those aircraft can be shifted overnight to areas within 250 nm from Taiwan to support combat missions.

4. The Second Artillery Corps:

The headquarters of the Chinese Communists' Second Artillery Corps is located in Peiping [Beijing]. Its strategic missile positions are scattered in various places. Its long-range missiles and ICBMs are aimed at [kan zhi 4230 0455] Siberia, East Asia, Western Europe, and other neighboring regions, respectively.

Defense White Paper Examines Budget System

OW2202173392 Taipei CHUNG KUO SHIH PAO in Chinese 18 Feb 92 p 9

[Special report on "National Defense White Paper" released by Defense Ministry on 17 February: "Draw Up and Effectively Implement Defense Budget According to Strategic Needs—On the Premise of Safeguarding National Security, Defense Budget Should Be Tightened, Reduced From Year to Year to Ensure Efficient Use of National Resources"]

[Text]

I. National Defense Budget and National Security

The national defense budget is the most realistic and specific reflection of the implementation of national defense policy. As the national defense policy is based on military strategy, the budget is drawn up according to strategic plans. As such, the budget should cater to the needs of not only immediate war preparations at present but to long-term national defense development in the future. At the same time, items included in the budget also reveal the desired size of armed forces, the quality of weaponry systems, the actual situation of military training, the strength of logistical support, and the direction of the overall development of national defense. If

the above essentials of combat strength do not materialize because of a lack of support from the budget, national security will not be guaranteed.

Since there is no unified standard or model, defense budgets of different countries are drawn up in different ways and have different contents. It all depends on the political system and national conditions in individual countries. Therefore, comparisons between published figures or between different percentages of defense spending in national budgets, gross national products, or gross domestic products are inaccurate and meaningless. In fact, the weight of national defense spending should be measured by a relative standard based on the degree of threat each country is facing, except for a few expansionist countries that wantonly engage in military aggression. As different countries are facing different degrees of threat, it is natural that they have different national defense needs. In past decades, national defense spending had indeed accounted for a relatively large proportion of the government's general budget because of the peculiar situation of the country. Fortunately, however, economic growth was not affected by high defense spending during the country's development period. In spite of continuing growth of the national income, we will try to reduce the proportion of national defense spending. Nevertheless, priority will still be given to the most basic need of safeguarding national security.

II. Implement the Planning, Programming, and Budgeting System

With national defense affairs growing in complexity and expense in modern times, the importance of management has become more pronounced. In 1975, the Ministry of National Defense, with a view to creating effective management, began implementing the "Planning, Programming, and Budgeting System of the National Army"—a system based on an integration of the essence of the "Planning, Programming, and Budgeting System (P.P.B.S.) of the United States" and the existing budgeting system and catering to national conditions and the needs of the national Army. Integrating the three main links of goal definition, formulation of plans, and budgeting, the system is aimed at designing a guide for planning and planning a guide for budgeting, and attaining a predetermined strategic objective, as well as establishing an integral system complete with conception, objectives, steps, and plans. Its aim is to closely integrate the national objective, military strategy, the objective of overall development of the Armed Forces, the setup of the Armed Forces, and the distribution of resources so as to put national resources into economical and efficient use and establish an integral national defense system. The integral system can be broken down into sequential programs guided by designing and military strategy planning: first, the "army building conception" forecasts the types of war the national Army may have to fight in the future and points out the overall strategic concept; this is followed by the study and formulation of the specific objectives of the overall

development of armed forces based on the "plan for overall development of the Armed Forces"; then, a basis for drawing up annual national defense budget is established in accordance with an administration scheme developed from the "five-year administration plan" and the first annual administration program. Under this system, a "war preparation plan" to cope with unforeseen circumstances and emergencies is formulated based on detailed analyses and appraisals of the existing capability, as well as consideration given to possible variations of situation and the present threat from the enemy. The plan can serve as a basis for drawing up a "combat plan," as well as a basis for drawing up a "wartime administration plan" and related wartime budget. It can well be called a system that caters to the needs of both peacetime and wartime as well as of both army building and war preparation. Since they adopted the system, the national Army has carried out constant and appropriate reviews and modifications to make it an effective norm of national defense management.

III. Budget Allocations

The planned budget allocation for the Ministry of National Defense will total 262,316,039,000 new Taiwan dollars [NT] in fiscal 1992. An additional NT\$9,876,010,000 will be allotted to the Executive Yuan for adjusting the payroll for relevant personnel. This will bring the total budget allocation to NT\$272,192,040,000, accounting for 27.74 percent of the total government budget of NT\$981,219,108,000. This will represent a decrease of 4.07 percent from 31.81 percent in fiscal 1991. The total budget allocation will take up 5.39 percent of the gross national product [GNP], down 0.21 percent from fiscal 1991. The following is a rundown of changes that our country underwent in relation to other countries in national defense budget allocations during the past decade:

A comparison of our country's national defense budget with those of the major countries in the world:

According to statistics in the World Military Expenditures and Arms Transfers 1989, our country ranked 34th, 14th, and 19th, respectively, in that year for the amounts taken up by national defense budget allocations in the GNP and the total government budget and for per capita contributions to national defense expenditures. It did not rank among the top 20 in terms of total budget allocations for national defense.

The country's national defense budget underwent the following changes in the past decade:

The share of total government budget allocations for national defense decreased from 57.15 percent in fiscal 1983 to 27.74 percent in fiscal 1992. This indicates a gradual cutback in budget allocations for national defense.

The gap between the rates of increase in national defense and total government budgets widened gradually in the past decade. The rate of increase in the national defense

budget stood at just 3.42 percent in fiscal 1992, compared to 18.62 percent for the total government budget. This indicates more rational budgetary allocations for national defense.

1. Budgeting Principles

The way in which the national defense budget is drawn up clearly reflects the extent to which a country aims to maintain its national security. The type and amount of a national defense budget varies by country, depending on national goals, threats to national security, international relations, and national defense resources. The most fundamental common consideration is to meet a country's current and future security needs. Without this consideration, all other considerations will become meaningless. Despite the threat of force from Communist China, our country has managed to keep its national defense budget rational and balanced as it gives due consideration to national security, economic development, and social welfare. This is reflected by the way in which the country increased its national defense budget at a rate much slower than that for its total state budget in recent years. Barring significant changes in factors affecting national security, the country will plan its national defense budget according to these principles and its financial resources in the future, so as to put its defense budget to more economical and effective use in building up its national defense forces and in maintaining national security.

2. Budget Structure

According to its uses, the national defense budget can be classified into three major categories—personnel, operations, and investment in military projects. The way in which the defense budget is classified will affect the country's troop composition, combat readiness, combat stamina, and military modernization. The ratio of budget appropriations and any changes in this connection will directly affect national defense forces. Though past allocations for these three categories in the national defense budget were made according to certain general guidelines, actual allocations depend on prevailing situations. For instance, allocations for personnel affairs are usually expanded to accommodate salary increases after a reduction in personnel. Likewise, new equipment, with its sophistication and higher costs, requires the disbursement of more money in maintaining operations after the massive retirement of useless equipment. Other than these two basic factors, there are more complicated variables that affect the priorities and budget allocations for investment in military projects. As a rule, national defense budget allocations are made in an orderly process according to the guidelines of a planned budgetary system. Besides ensuring sustained and stable progress in the current stage of national defense construction, this process aims to promote long-term, balanced development.

3. Policymaking and Implementation

Aware of the fact that the national defense budget is an important part of the total state budget, this ministry will

assume a more prudent and responsible attitude in providing guidance over policymaking involved in budget formulation and in exercising management over budget implementation in the future. On the one hand, it will divulge the contents of its budget to the fullest possible extent without compromising national security. On the other, it will improve the technical aspects of budget formulation, simplify the budgeting process, and seek the understanding and support of people throughout the country by keeping the national defense budget rational and open. Additionally, it will exercise greater care in allocating money for military investment projects that are badly needed but cannot be launched immediately. It will also exercise strict quality control over military projects, closely coordinate efforts in overall budget formulation and implementation, and maximize returns on the national defense budget.

Advanced Weapons

OW2302175592 Taipei CHUNG KUO SHIH PAO
in Chinese 18 Feb 92 p 9

[Special report on "National Defense White Paper" released by Defense Ministry on 17 February: "Develop Advanced Weapons and Establish a Three-Dimensional Defense System"]

[Text] The Chungshan Institute of Technology and Science and Research and Development of Major Weaponry

I. The Tasks of Research and Development and Achievements of the Chungshan Institute of Technology and Science

1. Tasks and Organization:

The Chungshan Institute of Technology and Science was established 24 years ago in 1968. It has over 6,300 scientific and technological personnel and over 8,500 technicians. Its main task is to conduct research, development, and design for national defense science and technology. In recent years, it added the manufacture of developed military products.

The major units of the institute are the four research institutes and six research and development and manufacturing centers. All the research and development units adopt the matrix system in their organization to meet the needs of research and development tasks. Apart from the specialized units, (such as the various institutes and centers,) under regular groups, planning units (such as the An-hsiang, Tien-kung, and Hsiung-feng planning offices), are established under the task groups. In specialized units, heads of special departments (such as chairmen and directors) are responsible for the development of specialized scientific and technological fields. In planning units, heads are responsible for the management of research and development plans and the integral system. The powers of the two are differentiated but they coordinate and cooperate with each other to complete the tasks of research and development jointly.

Air Defense Weapons Fully Developed

2. The Capability of Research and Development:

a. Aviation. We have the capability to design, conduct analysis and simulation, assemble, and test fly aircraft and aircraft engines.

b. Rockets and Missiles. We have the capability to design, develop, assemble, and test fire large caliber and long-range rockets, as well as various tactical missiles.

c. Electronics. We have the capability to develop radar systems (radar for aviation use and various types of exploring, illuminating, and tracking radar systems); gun-firing systems; various types of equipment for electronic warfare; various types of signal and security equipment for military use; various types of electronic elements and components; various types of laser radar equipment, underwater reconnaissance equipment, and underwater weapons.

d. Chemistry. We have the capability to develop various types of propulsive fuels, high-performance explosives and special warheads; various means of safeguarding our weapons and equipment against reconnaissance, corrosion, and humidity; various types of protective equipment against chemical warfare; and various types of incendiaries, smoke screens, and fire-extinguishing chemicals.

e. Materials. We have the capability to develop various types of special batteries (seawater batteries, silver-zinc batteries, thermobatteries, and aluminum-lithium batteries) for military use; composite materials; superalloy materials; ceramics materials; and optical and electrical materials and elements (infrared monitoring devices).

f. Quality Control. We have the capability to monitor electromagnetic jamming, conduct environmental testing, conduct testing in automation, assure the quality of materials, and repair equipment and installations. g. System simulation and integral projects. We have built several large-scale facilities for the simulated testing of missile systems and the capability to develop systems software. We also have the integral capability to develop combat systems for warships.

h. Overall logistics support. We have built the combat systems for aircraft, missiles, and electronics, and the capacity for logistics projects and logistics support.

3. Research Achievements:

a. Systems already produced or deployed: These include the Kung-feng 4 and Kung-feng 6A rockets; the Hsiung-feng 1 and 2 missiles; the artillery fire command system; the warship sonar system; the warship electronic warfare system; and the Tzu-chiang trainer aircraft.

The Tien-kung [Sky Bow] Missiles Will Come Into Service in 1994

b. Systems currently under production or being prepared for production. These include the Ching-kuo fighter aircraft, the Tien-kung 1 and 2 missiles, and the Tien-chien [Sky Sword] 1 missiles.

c. Systems currently under development. These include the Tien-chien 2 missiles; the Ta-cheng naval automatic command and communication system; the joint services electronic warfare equipment and outfit system; and the Kuang-hua naval combat system for second-generation warships.

II. The Research and Production as well as Future Development of Main Weapon Systems of the National Army

The main weapons and equipment of the National Army are planned for the long-term and according to the idea of overall development. Their strategic concepts are based on future enemy activities, and the need for weapons and equipments are formulated according to specific policy decisions and working procedures. When it is necessary to procure them from overseas, they are carried out according to the working procedure for such purposes.

1. The present state of research and development of the main weapons and equipment of the National Army.

a. The research and production of the Ching-kuo fighter aircraft.

Four prototypes of the Ching-kuo fighter aircraft (three single-seater and one twin-seater) have been produced. The engines and relevant avionic equipment for test flights have also been completed, and comprehensive test flights are currently being conducted in earnest. A first-run production of 10 aircraft has been planned, and the first is due for delivery on 1 April 1992, the last by December 1993. They will be used for assessing the aircraft's combat performance. It is estimated that by the end of December 1999, a total of 250 fighter aircraft will have been produced. Although the Number 2 prototype crashed during the test flight, research and production units are examining the cause to improve on its shortcomings. The original plan is progressing as scheduled.

Strengthening the Antisubmarine Combat Capability

b. The Tien-kung missile system.

The first battery of Tien-kung missiles was completed in August 1989. They have been handed over to the Army for a year of testing and training. Presently, we are actively trying to improve and perfect the system to enhance its functions in the original design. In the organization of their production, we are presently preparing the materials required to produce them in numbers. We will adopt the method of research, development, and production, and it is estimated that the system will be deployed in the services in 1994.

c. Tien-chien missiles.

i. The Tien-chien 1 missile was successfully tested with warheads at the end of 1987. Reliability tests began on 1 January 1988. At present, it has completed 1,400 hours of test flying with payloads and is frequently test-fired into the air. When these tests are completed, preparation for their production will begin.

ii. The Tien-chien 2 missile has completed many test firings and continues to be tested according to plan.

d. Hsiung-feng missiles.

i. The Hsiung-feng 1 missile system is now in service with the Navy's destroyers and fast missile boats, and its deployment along the coast has also been completed.

ii. The first battery of the Hsiung-feng 2 missiles was deployed in June 1991 and has been placed in combat readiness. It is hoped that the required missiles will be produced as scheduled. Missiles for use by aircraft are presently in the process of research and development.

e. Construction of second-generation warships.

An Increase in Production of 480 Tanks

i. Guided missile frigates. These vessels are designed mainly for antisubmarine warfare. At the same time, they are equipped with air defense and surface combat capability with a view to enable us to fight the enemy's blockade. We plan to build eight such vessels within a period of 10 years. Construction of the first ship began on 7 January 1990 and is projected to be delivered to the Navy in May 1993. Thereafter one ship will be delivered every 11 months, and the program for the eight vessels will be accomplished by October 1999.

ii. Guided missile patrol boats. Recently the Navy has been cooperating with a certain famous European shipyard on the plan to build these vessels, and work is presently under way in earnest.

f. The cooperative production of M48H tanks. The M48H tank was officially named the "Yong-hu Tank" [Brave Tiger] on 14 April 1990 and is now in service with the Army. It is projected that 450 will be produced by 1993 to strengthen our defense capability on land.

Taking Into Account Low Cost and High Returns

2. Concept on the development of main weapons and equipment in future.

We will work hard to develop weapon systems that are low-cost and have high-yield returns, and to enhance our defense, deterrence, and combat strength. The research and development of major weapon systems is directed at the enemy's threat, prediction on the form of future warfare, and the trend of weaponry development. We determine our weapon and equipment requirements in accordance with our long-term planning and the principle of all-around development, and on the basis of the concept for army building and the plan for building our

military strength. We adopt the model of even development in our strike, defense, and mobility capabilities, and take into consideration their adaptability and safety. On the principle of "each equipment having many uses and every system being used by all three services," we follow the path of technological transfer, technical cooperation, performance improvement, and research and development on our own. Year by year and period by period, we have developed and equipped our troops with weapons systems that are technologically advanced, reliable, low-cost, and low-risk with a view to enhance our defense and combat capability.

Ground Forces

OW2402192392 Taipei CHUNG KUO SHIH PAO
in Chinese 18 Feb 92 p 10

[From the "Special Report on 'National Defense White Paper'" released by the Defense Ministry on 17 February: "The Ground Forces' Combat Capability is Designed To Deter and Annihilate the Enemy's Landing Force; Currently, Army and Military Police Corps Troops Total More Than 312,000; These Troops Will Be Better Armored and Trained To Fight Three-Dimensional Wars"]

[Text] The mainstay of the ground forces is the Army and military police corps. The Army is the arm of service that decides the outcome of ground battles. The Army is organized into combat troops, combat support troops, and service support troops, according to the missions assigned to these troops. Each of these troops are organized in accordance with their respective functions and organizational principles; certain relationships are established between them so that a combat system is established; and they carry out ground battles under the command of the General Headquarters of the Army. The military police corps is in charge of military police affairs, serves as judicial police according to the law, supports garrison and security work, supports the three arms of service in fighting the enemy, and ensures national and social security.

I. The Current Strengths of the Army and Military Police Corps

Based on land defense principles, ground forces are designed to deter and annihilate the enemy's landing force. The building of the ground forces is based on unified planning, and training is conducted according to priority, so that the objectives of strength and combat capability building can be achieved step by step. Stress is also placed on enhancing ground forces' mobility and striking force, on building up air defense capability for field operations, on building fortifications, and on building up garrison and military police forces to enhance land defense capabilities and to ensure national security.

With the exception of command, service, education, and other units, the combat troops' organization (main weapons are M48H tanks; M109 and M110 self-propelled artillery pieces; M113, V I 150, and CM I 21 armored personnel

carriers; UH 1 H helicopters; Kung Liu [1562 0362] rockets; towed anti-armor missiles; and Chieh Shu [STC not available], Hawk, Tien Kung, Sheng Li Nu Shen [0524 0448 1166 4377], and other types of air defense missiles) of the ground forces, which are under the command of the general headquarters of the army and the headquarters of the military police corps, is as follows (numbers within parentheses are the numbers of each unit):

(i) The Army

1) Army group (3); 2) One each of the Kinmen, Matsu, Penghu, and Huatung Defense Headquarters and Special Paratroop Force Headquarters; 3) One each of the Tong Command Center and Chu Command Center; 4) Mechanized division (2); 5) Infantry division (13); 6) Reserve division (7); 7) Armored brigade (6); 8) Tank command (2); 9) Paratroop brigade (2); 10) Aviation group (2); and 11) Air defense missile command (2).

(ii) The Military Police Corps

1) Military Police command center (5)
2) Military Police training center (1)

II. Development in the Past

Over the past decade, ground troops have endeavored to upgrade and reduce the size of their forces, to shore up their combat capabilities, to make themselves better armored and more automated, and to train themselves to fight three-dimensional wars. Between 1983 and 1986, the ground troops abolished five light equipment divisions; bought M-109 and M-110 self-propelled artillery pieces to replace a part of wheeled artillery pieces; established two mechanized divisions, two Kung Liu rocket battalions, and one B-234 helicopter squad; and reorganized its chemical warfare unit's smoke battalion. In 1987, 30 companies were added to the military police corps and the organization of the military police battalions of Army groups was expanded. In 1989, army-level command units were abolished and the Huatung Defense Headquarters were established to enhance Huatung area's defense capability. A total of 56,132 Army personnel were laid off during this period. Regarding weapons and arms, the Tien Kung missile system was completed in 1989; the M48H Yung Hu (0516 5706) tanks were commissioned in 1990; and the Chieh Shu missiles were introduced in 1990 to enhance the capability of air defense for field operations.

III. Plan for the Future

The goal of the ground troops' development is to make the troops better armored and better trained to fight three-dimensional wars. Based on the needs for fighting a mobile war, the ground troops' command system will be simplified; their firepower and mobility will be enhanced; their major combat units will be gradually developed into independent brigades; the organizational size of the Army's aviation troops will be expanded; and the logistics system will be reformed to meet the needs of

a future war. Regarding weapon and arms development, we will continue to produce and purchase from foreign countries various types of tanks and armored vehicles; we will enhance the capability of our existing tanks; we will enhance our antiarmor and anti-antiarmor capability; we will produce self-propelled artillery pieces and bomb carriers; we will simplify the types of wheeled vehicles; and we will purchase modern helicopters to enhance our land defense firepower. After the Tien Kung missiles are commissioned, they will replace the current Hercules missile companies. In addition, we will use medium- and low-altitude air defense missiles to increase (and/or expand) field troops at various levels.

Air Force

OW2502151492 Taipei CHUNG KUO SHIH PAO
in Chinese 18 Feb 92 p 10

[Special report on the "National Defense White Paper" released by the Defense Ministry on 17 February: "Air Force's Goal of Combat Readiness Is To Ensure Air Defense Over the Taiwan Strait"]

[Text] Modern aircraft, which are so quick and so far-reaching, have turned the ground battles of the past into three-dimensional ones and greatly expanded the scope of national defense. It is safe to say that "there will be no national defense without air defense." In terms of Taiwan's geographical position, air defense is of great importance. The Air Force is the main force for air defense, in charge of the basic mission of carrying out air combat operations and air defense operations to ensure the safety of our air space in coordinated operations with the Army and Navy.

I. Current Situation of Air Force

In the light of air defense principles, the Air Force's goal is to organize and equip its combat force to ensure the safety of air defense over the Taiwan Strait. Active efforts will be made to purchase high-performance fighters and early warning aircraft; develop IDF fighters; replace outdated O-1 fighters with Chung-hsing [0022 5281] fighters; streamline air transport troops; remodel B-1900, B-727, and C-130 planes; improve automatic air defense system; deploy 3D fixed and motorized radars; and continuously enhance capability of coordinated combat operations.

The organization of Air force units can be divided into two categories: combat units and logistic support units. They carry out air defense operations under the unified command of the Air Force General Headquarters.

A. Combat Unit System:

The Air Force's combat unit system, with combat headquarters as the center, controls and commands all combat wings (mainly aircraft such as F-104, F-5E fighter interceptors, C-130, C-119 air transport planes, AT-3 training planes, and S-70C helicopters), air defense artillery, and the Army's missile troops to carry out

aircraft-missile-artillery coordinated operations. Its main troops can be divided into:

(a) Seven tactical fighter wings and five independent squadrons; (b) one airborne and antisubmarine wing, with one airborne battalion and one antisubmarine group under its command; (c) one tactical control wing, with air tactical control centers, air control report centers, air control report stations, and air report stations under its command; (d) one air defense artillery garrison headquarters, with four commanding headquarters, 14 air defense artillery battalions, and 11 garrison battalions under its command; (e) one air transport wing; and (f) one meteorological wing.

B. The Logistic Support System:

The Air Force logistic headquarters is in charge of the Air Force's specialized logistic functions. It supervises and directs operations of various specialized logistic units. Under its command are a logistic command post; three logistic support departments; one petroleum, oil, and lubricant team; and one Keelung-Kaohsiung transport station. The Air Force logistic headquarters sets up offices, departments, and groups and attaches them to (put them under the command of) various Air Force units for logistic support purposes. A base logistic support group is attached to individual combat wing and is responsible for logistic support of various command centers and combat units.

II. Past Evolution

By following the policy of streamlining in the past 10 years, the Air Force put the aviation development center under the jurisdiction of the Central Academy of Sciences in 1972; disbanded an air defense academy, an engineering wing, seven antiartillery battalions, and two air transport squadrons in 1973; disbanded again in 1974 a training headquarters and a new recruit training team; and streamlined an offshore island antiartillery unit in 1976. It also relocated personnel from disbanded units to grass-roots combat teams to fill up quotas for team members. It set up a fighter wing in 1971, refitted a C-130 squadron in 1975, redesignated a fighter squadron as a tactical training center in 1977, augmented tactical capabilities by conducting meticulous studies into combat methods and skills, and established a weapons system center during 1977 to combine its capabilities to acquire, maintain, and service weapons systems. It established the east command post and the antiartillery guard headquarters in 1980 and trimmed the number of personnel used by 3,045 [as printed] people during that period.

Due to the outmoded and time-worn condition of its planes and weapons, our Air Force has found it difficult to fulfill the requirements of modern air warfare. In addition to carrying out efforts to actively develop the "Ching Kuo" IDF fighter plane to replace old planes as the principal fighter plane, the Air Force carried out plans to expand the service life of F-5E planes in order to extend their combat-worthiness; purchased F-104's from outside and outfitted them with equipment to complement existing military strength; and completed the task of upgrading the antisubmarine function of

S-2E planes. The "Ching Kuo" IDF fighter plane was presented last year to our fellow countrymen after a long period of hard work. In addition, we also conducted research into, developed, and produced our own the Tien Kung and Tien Chien missiles; refitted the San Wu high-speed cannon; readjusted our radar deployment; established the superiority of warning and combat control systems; and greatly augmented our air defense forces on the whole.

III. Future Prospects

Future development of Air Force units will target efforts to improve combat effectiveness and refine and improve our warning and combat control capabilities. We will carry out quantitative production of the "Ching Kuo" IDF fighter plane and acquire high-performance fighter planes to replace existing ones used in various tactical fighter squadrons. We will continue to discard C-119's according to our schedule for the acquisition of C-130H's and augment our air transport capabilities. We will also replace our air-to-air and air-to-surface missiles and strengthen the air defense system of crucial surface zones with the San Wu high-speed cannon and Tien Kung and Chieh Shu missiles, and hence effectively enhance the application of the combined fighting capacity of planes, missiles, and cannons. We should make plans to acquire air sirens and the military strength of electronically equipped fighters; equip our own with new 3D model radars; replace our electronic warfare equipment; establish electronic warfare squadrons; and develop the automation of command, control, communication, and information systems in order to refine and improve our preparedness and combat control. We should also strengthen the resistance power of our western aircraft command, expand the eastern base, augment our logistic support forces for the eastern zone, and continue our project concerning the "Chia Shan" plan, in order to promote our capacity for sustained fighting and maintain the military strength for a decisive battle.

Hao Admits Government Mishandling of 1947 Incident

OW2602093892 Taipei CNA in English 0751 GMT
26 Feb 92

[Text] Taipei, Feb. 26 (CNA)—Premier Hao Po-tsun acknowledged Tuesday that the government had mishandled the Feb. 28, 1947 incident, but he fell short of offering an apology.

Asked by Kuomintang legislator Chou Chuan to apologize on behalf of the government, Hao said he could not "make a definite decision" because it had not gone through "decision making procedures."

He told a Legislative Yuan session that the government is sincere and determined to heal the wounds from the "unfortunate" incident.

It is hoped that similar mistakes will not occur again, so society can become harmonious, Hao said.

"What is most important is not to make similar mistakes," he said.

In response to Chou's request that he apologize on behalf of the government, Hao said that all unfortunate incidents are caused by a series of complex mistakes, and the "2-28" incident is no exception.

"The incident shows that in the past the government made mistakes," he added.

Hao Asks Public Support for Nuclear Power Plant

OW2402085492 Taipei CNA in English 0807 GMT
24 Feb 92

[Text] Taipei, Feb. 24 (CNA)—Premier Hao Po-tsun urged the public Sunday to support the construction of a fourth nuclear power plant on the island.

Hao made the call in a speech to some 500 grass-root community leaders from Keelung and Taipei county meeting in Chunghsing New Village in central Taiwan.

The premier said that Taiwan badly needs new power plants to meet the steadily rising demand for power. Since Taiwan has all but exhausted its hydroelectric power resources and thermal power generation, which consumes fossil fuel, poses serious environmental problems, Hao explained that the sole option open to Taiwan is to develop nuclear power.

Hao pointed out that nuclear power is safe, clean and cost effective. "We'll all benefit from the fourth nuclear power plant," he stressed.

Modern technology can well ensure the safety of nuclear power generation, Hao noted. "Local people need not worry overly about the security of the new nuclear power plant," he added.

Construction on the fourth nuclear power plant has long been stalled by strong opposition from local environmentalists and residents near the proposed plant site in Kungliao in Taipei county.

The premier reiterated that the government will make every effort to ensure the security of the new plant, and the Taiwan power company, a state monopoly, will use 1 percent of its budget for the new plant to help finance Kungliao community development projects, he added.

As the fourth nuclear power plant calls for an outlay of more than 160 billion New Taiwan [NT] dollars, Hao said, Kungliao will be able to obtain some 1.6 billion NT dollars in "windfall" development funds from Taipower in future years.

With this bonanza, the premier said he is convinced that the small northern Taiwan coastal village will emerge as one of the island's most modern and thriving townships.

In addition, Hao said, Taipower will also contribute additional funds to Kungliao annually to help the village build new hospitals, roads, schools and recreational facilities.

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